

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

IN RE:) CHAPTER 11
)
MILES PROPERTIES, INC.,) CASE NO. 10-60797 - MHM
)
Debtor.)

**DISCLOSURE STATEMENT IN CONNECTION WITH CHAPTER
11 PLAN OF LIQUIDATION OF MILES PROPERTIES, INC.**

Dated: March 22, 2011

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**DISCLOSURE STATEMENT IN CONNECTION WITH CHAPTER
11 PLAN OF LIQUIDATION OF MILES PROPERTIES, INC.**

I. INTRODUCTION

Miles Properties, Inc. (“*MPI*” or “*Debtor*”), provides this Disclosure Statement (the “*Disclosure Statement*”) to certain of Debtor’s impaired creditors to permit such creditors to make an informed decision in voting to accept or reject the *Plan of Liquidation of Miles Properties, Inc.* (the “*Plan*”) filed on March 22, 2011 with the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the “*Bankruptcy Court*”) in connection with the above-captioned case filed pursuant to chapter 11 of the Bankruptcy Code (the “*Chapter 11 Case*”). A copy of the Plan is attached to this Disclosure Statement as **Exhibit A**. Capitalized terms used herein but not otherwise defined have the meanings assigned to such terms in the Plan. Whenever the words “include”, “includes” or “including” are used in this Disclosure Statement, they are deemed to be followed by the words “without limitation”.

This Disclosure Statement is presented to certain Holders of Claims against the Debtor in accordance with the requirements of section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532, as may be amended from time to time (the “*Bankruptcy Code*”). Section 1125 of the Bankruptcy Code requires that a disclosure statement provide information sufficient to enable a hypothetical and reasonable investor, typical of Debtor’s creditors and stockholders, to make an informed judgment whether to accept or reject the Plan. This Disclosure Statement may not be relied upon for any purpose other than that described above.

This Disclosure Statement is based on pleadings filed with the Bankruptcy Court, information provided by the Debtor’s management, claims information derived from the Bankruptcy Court’s claims register, and legal analysis by Berger Singerman, P.A. (“*Berger Singerman*”) and Foltz Martin, LLC (“*Foltz Martin*”), co-counsel for Debtor.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE AN INTEGRAL PACKAGE, AND THEY MUST BE CONSIDERED TOGETHER FOR THE READER TO BE ADEQUATELY INFORMED. THIS INTRODUCTION IS QUALIFIED IN ITS ENTIRETY BY THE REMAINING PORTIONS OF THIS DISCLOSURE STATEMENT, AND THIS DISCLOSURE STATEMENT IN TURN IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN.

NO REPRESENTATIONS CONCERNING DEBTOR ARE AUTHORIZED BY DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OF THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT

YOUR DECISION, AND SUCH ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR, WHO WILL IN TURN DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE APPROPRIATE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING ANY EXHIBITS CONCERNING THE FINANCIAL CONDITION OF DEBTOR AND THE OTHER INFORMATION CONTAINED HEREIN, HAS NOT BEEN SUBJECT TO AN AUDIT OR INDEPENDENT REVIEW EXCEPT AS EXPRESSLY SET FORTH HEREIN. ACCORDINGLY, DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONCERNING DEBTOR OR ITS FINANCIAL CONDITION IS ACCURATE OR COMPLETE. THE PROJECTED INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PRESENTED FOR ILLUSTRATIVE PURPOSES ONLY, AND BECAUSE OF THE UNCERTAINTY AND RISK FACTORS INVOLVED, THE DEBTOR'S ACTUAL RESULTS MAY NOT BE AS PROJECTED HEREIN.

ALTHOUGH AN EFFORT HAS BEEN MADE TO BE ACCURATE AND DEBTOR BELIEVES IN GOOD FAITH THAT THE INFORMATION HEREIN IS ACCURATE, DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS IS CORRECT. THIS DISCLOSURE STATEMENT CONTAINS ONLY A SUMMARY OF THE PLAN. EACH CREDITOR IS STRONGLY URGED TO REVIEW THE PLAN PRIOR TO VOTING ON IT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE FACTS SET FORTH SINCE THE DATE OF THIS DISCLOSURE STATEMENT.

A STATEMENT OF THE ASSETS AND LIABILITIES OF DEBTOR AS OF THE DATE OF THE COMMENCEMENT OF ITS CHAPTER 11 CASE IS ON FILE WITH THE CLERK OF THE BANKRUPTCY COURT AND MAY BE INSPECTED BY INTERESTED PARTIES DURING REGULAR BUSINESS HOURS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NON-BANKRUPTCY LAW. ENTITIES HOLDING OR

TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, INTERESTS TN OR SECURITIES OF, THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS SUCH COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT WILL NOT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN. EACH CREDITOR SHOULD, THEREFORE, CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISERS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN OR THE TRANSACTIONS CONTEMPLATED THEREBY.

Pursuant to the Bankruptcy Code, this Disclosure Statement and the Plan were filed on March 22, 2011. The Bankruptcy Court will hold a hearing on confirmation of the Plan beginning at _____.m. (prevailing Eastern time) on _____, 1340 U.S. Courthouse, 75 Spring Street, S.W., Atlanta, Georgia 30303-3367 (the “*Confirmation Hearing*”). At that Confirmation Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the Bankruptcy Code, including whether the Plan is in the best interests of the claimants, and will review a ballot report concerning votes cast for acceptance or rejection of the Plan.

Identify of Persons to Contact For More Information

Any interested party desiring further information about the Disclosure Statement or the Plan should contact counsel for Debtor, Brian K. Gart, Esq. or Paul A. Avron, Esq., Berger Singerman, P.A., 350 East Las Olas Blvd., Suite 1000, Ft. Lauderdale, FL 33301, Tel: (954) 525-9900 or (561) 241-9500, or Jimmy C. Luke, Esq., Foltz Martin, LLC, 5 Piedmont Center, Ste. 750, Atlanta, GA 30305-1541, Tel: (404) 231-9397.

A. Overview of the Plan

THE FOLLOWING IS A BRIEF SUMMARY OF THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. THE DESCRIPTION OF THE PLAN SET FORTH BELOW CONSTITUTES A SUMMARY ONLY AND IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN. CREDITORS AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THE MORE DETAILED DESCRIPTION OF THE PLAN CONTAINED IN ARTICLE IV OF THIS DISCLOSURE STATEMENT AND THE PLAN ITSELF. THE PLAN IS

ATTACHED AS EXHIBIT A TO THIS DISCLOSURE STATEMENT. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN CONTROLS.

Chapter 11 is the chapter of the Bankruptcy Code primarily used for business reorganization. The fundamental purpose of a chapter 11 case is to formulate a plan to restructure a debtor's finances so as to maximize recoveries to its creditors. With this purpose-in mind, businesses sometimes use chapter 11 as a means to conduct asset sales and other forms of liquidation. Whether the aim is reorganization or liquidation, a chapter 11 plan sets forth and governs the treatment and rights to be afforded to creditors and stockholders with respect to their claims against and equity interests in a debtor's bankruptcy estate.

As an initial matter, the Plan, which provides for a liquidation of Debtor's assets, including Causes of Action, divides the Claims against Debtor and Interests in Debtor into Classes. Certain Claims — in particular, Administrative Expense Claims, Statutory Fees, Professional Claims and Priority Tax Claims — remain unclassified in accordance with section 1123(a)(1) of the Bankruptcy Code. The Plan assigns all other Claims and Interests as described below.

Class 1 consists of Priority Claims.

Class 2 consists of General Unsecured Claims.

Class 3 consists of all Interests of Debtor. Holders of Class 3 Interests will not receive any distributions of property under the Plan and, on the Effective Date, the Interests will be cancelled. Class 3 is Impaired and will be deemed to reject the Plan.

Debtor believes that distributions under the Plan will provide Creditors of the Debtor a greater recovery on account of Allowed Claims than would distributions by a chapter 7 trustee. Distributions by the Plan Administrator under the Plan to Creditors would be made more quickly than distributions by a chapter 7 trustee. A chapter 7 trustee would have to spend a substantial amount of time, as would professionals the trustee would necessarily have to hire, just to get "up to speed" on the numerous matters concerning Debtor, its Estate, operations and claims, at great cost to the Estate, all of which would reduce the amount available for distribution on account of Allowed Claims and increase the time that distributions could be made.

ACCORDINGLY, DEBTOR URGES EACH CREDITOR ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

The estimated Allowed Claims against Debtor and the estimated distribution to the Creditors of Debtor on account of such Allowed Claims are as follows:

| <u>CLASS</u> | <u>ESTIMATED AMOUNT OF CLAIMS</u> | <u>TREATMENT</u> |
|---|---------------------------------------|--|
| Class 1—Priority Claims ¹ | \$23,419.86 | Unimpaired. Each Holder of an Allowed Priority Claim shall receive on account of such Claim, Cash equal to the amount of such Allowed Priority Claim, without post-petition interest or penalty, on the later of (i) the Effective Date or as soon as practicable thereafter or (ii) the date that is ten (10) Business Days after an order of the Bankruptcy Court allowing such Priority Claim becomes a Final Order. |
| Class 2—General Unsecured Claims ² | \$26,452,312.60 | Impaired. After (a) satisfaction in full or |

¹ The amount set forth above is based upon a pending Omnibus claim objection filed by Debtor (Doc. No. 962) which objected to priority claims totaling \$766,250.80. Also, Debtor is in the process of reconciling the balance of Priority Claims, some or all of which may be subject to further objections. Accordingly, the amount set forth in the chart above may vary substantially once the claims objection and reconciliation process is completed.

² The amount set forth above is based upon a pending Omnibus claim objection filed by Debtor (Doc. No. 962), two additional objections (Doc. No. 960 and Doc. No. 961) which together objected to general unsecured claims totaling \$108,671,242.35, net of subsequent settlements with creditors, and secured claims totaling \$310,519.52, and critically an agreement by each of Wells Fargo (as defined below) and Redus Alabama Commercial, LLC (“**Redus**”) to substantially reduce their claims (which, in part, were duplicate, that is, the total amount sought in Claim No. 206 filed by Redus is part of Claim No. 202 filed by Wells Fargo). As explained herein, with the exception of two financing agreements for property insurance and workers compensation, which have since been paid in full, Debtor does not owe any pre-petition secured debt. Further, the amount set forth above concerning general unsecured claims is based upon \$5,892.37 in net claims modifications as set forth on Exhibit H of the pending Omnibus claim objection. As discussed in the Liquidity and Capital Structure section, Article II(D), below, Debtor advises that (i) it has secured the agreement of Wells Fargo on behalf of

| <u>CLASS</u> | <u>ESTIMATED AMOUNT OF CLAIMS</u> | <u>TREATMENT</u> |
|-------------------|---------------------------------------|--|
| | | satisfaction in accordance with the Plan of all Allowed Administrative Expense Claims, Professional Claims, Allowed Priority Tax Claims and Allowed Priority Claims, the Available Cash shall be allocated Pro Rata among holders of Allowed General Unsecured Claims. Each Holder of an Allowed General Unsecured Claim shall receive a Distribution or Distributions from the Plan Administrator of its share of the Available Cash allocable on account of its Allowed General Unsecured Claim, shared Pro Rata with the Holders of other Allowed General Unsecured Claims. |
| Class 3—Interests | N/A | Impaired. Holders of Interests will receive no distributions on account of such Holder's Interests. On the Effective Date, all Interests of Debtor will be cancelled. |

itself and Redus to voluntarily reduce their claims which total approximately \$108,839,994 and, after taking into account the duplicative claim referred to above, accept allowed claims totaling \$17 million for a total claim reduction of approximately \$66 million. Debtor is reserving the right to object to the Claims based upon the Mezz Notes (as defined below) including seeking to recharacterize those Claims from debt to equity. Also, Debtor is in the process of reconciling the balance of general unsecured claims, some or all of which may be subject to further objections. Accordingly, the amount set forth in the chart above may vary substantially once the claims objection and reconciliation process is completed.

Nothing herein shall be dispositive of the allowance of any Claims or constitute a waiver by Debtor or any other party in interest of the right to object to such Claims. Debtor is not stipulating to the validity or amount of any of the foregoing Claims. The amounts set forth above for the classes of Claims are simply estimates based upon Debtor's Schedules and/or the proofs of Claim filed as of the Claims Bar Date.

B. Disclosure Statement Exhibits

- (i) The Plan (attached hereto as **Exhibit A**);
- (ii) List of executory contracts and unexpired leases that will be assumed by Debtor (attached hereto as **Exhibit B**);
- (iii) List of payments to third parties within the 90 day period preceding the Petition Date (attached hereto as **Exhibit C**); and
- (iv) Liquidation Analysis (attached hereto as **Exhibit D**).

C. Voting Instructions

DEBTOR STRONGLY RECOMMENDS EACH CREDITOR ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

The Bankruptcy Code entitles only holders of impaired claims or equity interests who receive some distribution under a proposed plan to vote to accept or reject that plan. Holders of claims or equity interests that are unimpaired under a proposed plan are conclusively presumed to have accepted that plan and are not entitled to vote on it. Holders of classes of claims or equity interests that will receive no distributions under a proposed plan are conclusively presumed to reject that plan and, therefore, are also not entitled to vote on it.

The Holders of Claims in Class 1 are Unimpaired under the Plan and are therefore deemed to have accepted the Plan. Holders of Claims in Class 1 are therefore not entitled to vote.

The Holders of Claims in Class 2 are Impaired under the Plan and thus may vote to accept or reject the Plan. Debtor has enclosed Ballots with this Disclosure Statement to solicit the votes of all Claimants in Class 2.

The Holders of Class 3 Interests will receive no distributions under the Plan. Thus, pursuant to section 1126(g) of the Bankruptcy Code, the holders of Class 3 Interests are deemed to have rejected the Plan.

A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASS 2. BEFORE VOTING, SUCH HOLDERS SHOULD READ THIS DISCLOSURES STATEMENT AND ITS EXHIBITS, INCLUDING THE PLAN AND THE PLAN DOCUMENTS, IN THEIR ENTIRETY.

You should use the Ballot sent to you with this Disclosure Statement to cast your vote for or against the Plan. You may not cast Ballots or votes orally or by facsimile. **In order for your Ballot to be considered by the Bankruptcy Court, it must be received at the above address by 4 p.m. (prevailing Eastern time) on _____, 2011 (the “*Voting Deadline*”).** If you are a Claimant in Class 2, and you did not receive a Ballot with this Disclosure Statement, please contact:

Kerry Goins
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350 East Las Olas Blvd., Suite 1000
Ft. Lauderdale, FL 33301
Tel: (954) 525-9500; Fax: (954) 523-2872
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Only Holders of Allowed Claims in Impaired Classes of Claims are entitled to vote on the Plan. Any Ballot executed by the Holder of an Allowed Claim, but which does not indicate acceptance or rejection of the Plan, will be considered a vote to accept the Plan. Any Ballot not executed by the Holder of an Allowed Claim will not be counted as a vote to accept or reject the Plan.

An Impaired class of Claims accepts the Plan if at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in the Class that actually vote are cast in favor of the Plan. Whether or not a creditor or Interest holder votes on the Plan, such Person will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities of the classes of creditors and is confirmed by the Bankruptcy Court. Pursuant to the provisions of section 1126(e) of the Bankruptcy Code, the Bankruptcy Court may disallow any vote accepting or rejecting the Plan if such vote is not cast in good faith.

If the voting members of an Impaired Class do not vote unanimously for the Plan but, nonetheless, vote for the Plan by at least the requisite two-thirds (2/3) in amount and one-half (1/2) in number of Allowed Claims in that Class actually voted, the Plan, at a minimum, must provide that each Member of such Class will receive property of a value, as of the Effective Date, that is not less than the amount such Class members would receive or retain if Debtor were liquidated under chapter 7 of the Bankruptcy Code.

Debtor, or other parties in interest, may dispute proofs of Claims or Interests that have been filed or that Debtor listed as disputed in the schedules Debtor filed with the Bankruptcy Court. Persons whose Claims are disputed may vote on or otherwise participate in distributions under the Plan only to the extent that the Bankruptcy Court allows their Claims. The Bankruptcy Court may temporarily allow a Claim for voting purposes only. Allowance of a Claim for voting purposes or disallowance of a Claim for voting purposes does not necessarily mean that all or a portion of that Claim will be allowed or disallowed for distribution purposes.

D. Confirmation of the Plan by the Bankruptcy Court

Once it is determined whether Impaired Class 2 has or has not accepted the Plan, the Bankruptcy Court will determine whether the Plan may be confirmed, Class 3 Interests will receive no distributions on account of their respective Interests and are therefore deemed to have rejected the Plan.

The Plan provides for the wind-down of Debtor, the resolution of Claims by the Plan Administrator, the possible pursuit by the Plan Administrator of Avoidance Actions and Causes of Action, the distribution of monies from Available Cash by the Plan Administrator to Holders of Allowed Claims in satisfaction of such Allowed Claims, and the payment of post-confirmation professional fees from Available Cash pursuant to the terms of the Plan. Confirmation will make the Plan binding upon Debtor, its creditors, holders of Claims and Interests, and other parties in interest regardless of whether they have accepted the Plan.

II. BACKGROUND OF DEBTOR

A. Background and Corporate Structure of MPI

Prior to the Petition Date, MPI, a property management company owned and controlled by Daniel J. Miles (“*Daniel Miles*”³), and certain of the other affiliated

³ Daniel Miles is now an individual debtor before the Bankruptcy Court in a related Chapter 7 bankruptcy case (Case No. 09-92601-mhm). The court-appointed trustee for Daniel Miles’ Chapter 7 bankruptcy estate is James C. Cifelli (“*Mr. Cifelli*” or the “*Trustee*”). Subject to resolution of a pending notice of abandonment, as amended (Doc. No. 340) filed by the Trustee and an objection to that notice filed by Daniel Miles (Doc. No. 346), stock or membership interests in corporations (including Debtor) and limited liability companies, respectively, held by Daniel Miles prior to the entry for Order of relief in his previously pending chapter 11 bankruptcy case are now controlled by Mr. Cifelli as the court-appointed Trustee of Mr. Miles’ (subsequently converted) Chapter 7 case. Initially, an involuntary Chapter 7 bankruptcy case was commenced against Mr. Miles who elected to convert that case to a voluntary Chapter 11 bankruptcy case;

Debtors⁴ and several related non-debtor affiliates (collectively, “*Miles*” or the “*Company*”), were primarily engaged in the acquisition, development and management of “B” and “C” class multifamily properties (collectively, the “*Properties*”), primarily in high growth markets within the Southeastern portion of the United States. The Properties managed by MPI prior to the sale of contracts pursuant to which it managed residential real properties owned by related third parties, including certain of Debtors, Affiliated Debtors and non-Debtor affiliates (collectively, the “*Management Contracts*”), were heavily concentrated in the Georgia and Florida areas, but also include holdings in Colorado, Maryland, North Carolina, Tennessee, Texas and Virginia.

Specifically, the Company had historically sought out underperforming properties that were over ten years old and undervalued at the time of acquisition due to either neglect, poor management and/or financial difficulties. Upon acquisition, the Properties were renovated and generally repositioned through increased effective rental rates, improved occupancy and implementation of certain more efficient management practices. In addition, the Company had also acquired a number of properties for the development of apartments and condominiums, either on a ground up or conversion basis. The Properties were generally acquired via bridge financing through a number of lenders with whom the Company held a relationship with and then, upon stabilization, either sold, recapitalized or refinanced, with either a traditional loan or through collateralized mortgage-backed securities. In most cases, Daniel Miles is a personal guarantor of these loans.

however, the Bankruptcy Court on motion of Mr. Cifelli subsequently re-converted that Chapter 11 case to a case under Chapter 7 of the Bankruptcy Code and Mr. Cifelli, who had been serving as Chapter 11 trustee, was subsequently appointed Trustee of the reconverted Chapter 7 case which remains an active proceeding before the Bankruptcy Court.

⁴ MPI Development Group, Inc. (Case No. 10-60798-mhm), MPI Portfolio I, LLC (Case No. 10-60802-mhm), MPI Azalea, LLC (Case No. 10-60803-mhm), Miles-Cherry Hill, LLC (Case No. 10-60804-mhm), Miles-Oak Park, LLC (Case No. 10-60805-mhm), Miles-Fox Hollow, LLC (Case No. 10-60806-mhm), Miles-April Ridge, LLC (Case No. 10-60807-mhm), MPI Cimarron, LLC (Case No. 10-60808-mhm), MPI Sunset Place, LLC (Case No. 10-60809-mhm), MPI Palms West, LLC (Case No. 10-60810-mhm), MPI British Woods, LLC (Case No. 10-60811-mhm) and MPI Chaucer, LLC (Case No. 10-60812-mhm) (collectively, “*Affiliated Debtors*,” with MPI, “*Debtors*”). Contemporaneously with the filing of the Plan and this Disclosure Statement a motion will be filed seeking dismissal of the chapter 11 cases of MPI Development Group, Inc., Miles-April Ridge, LLC and MPI Chaucer, LLC.

The membership interests in the property owner entities (the “**Property Owner Entities**”)⁵ are owned in part by Daniel Miles (now Mr. Cifelli as Trustee) who owns anywhere from 52% to as much as 73% of the Property Owner Entities. The other owners of the Property Owner Entities are either former employees or contractors of MPI, MPI’s affiliates or third parties. The managers (the “**Managers**”) of the Property Owner Entities are owned by a common sole member—MPI Entity Manager, Inc., a Georgia corporation—of which Daniel Miles (now Mr. Cifelli as Trustee) is the sole shareholder, director and officer. Daniel Miles (now Mr. Cifelli as Trustee) is also the entity manager of all of the various Managers of the Property Owner Entities and as such, prior to the appointment of Ronald L. Glass (“**Mr. Glass**” or the “**CRO**”), as CRO, Daniel Miles controlled the day-to-day management of the Properties owned by the Property Owner Entities. Therefore, Daniel Miles individually (now Mr. Cifelli as Trustee) (i) owns a majority interest in the Property Owner Entities, and (ii) prior to Mr. Glass’ appointment as CRO, controlled the Property Owner Entities as the owner and/or manager of the Managers of the Property Owner Entities.

MPI is a corporation formed under the laws of the State of Georgia, with Daniel Miles (now Mr. Cifelli as Trustee) owning 100% of the stock.

As a result of Mr. Glass’ engagement as CRO, from and after March 2, 2009, as such role was modified and supplemented at the request of creditors and interest holders other than Daniel Miles, effective August 21, 2009, Mr. Glass received an irrevocable grant of a special power of attorney and an interest with full power of substitution to

⁵ MPI Chaucer, LLC (Regal Crossing Apartments located in Dallas, Texas), MPI Cimarron, LLC (Royal Oaks Apartments located in Tampa, Florida), MPI Sunset Place, LLC (Royal Ridge Apartments located in St. Petersburg, Florida), MPI Palms West, LLC (Royal Springs Apartments located in Orlando, Florida), MPI British Woods, LLC (Hampton Forest Apartments located in Durham, North Carolina), MPI Azalea, LLC (Highland Brooke Apartments located in Atlanta, Georgia), Miles-Cherry Hill, LLC (Highland North Apartments located in Atlanta, Georgia), Miles-Oak Park, LLC (Highland Estates located in Decatur, Georgia), Miles-Fox Hollow, LLC (Highland Enclave located in Clarkston, Georgia), and Miles-April Ridge, LLC (Highland Gardens Apartments located in Chamblee, Georgia). As stated above, the Properties owned by MPI Chaucer, LLC and Miles-April Ridge, LLC have been sold during the pendency of their Chapter 11 cases. Also, by Order dated March 14, 2011 (Doc. No. 1056), the Bankruptcy Court confirmed a Chapter 11 Plan, as amended, which contemplated an auction-based sale of Properties owned by Affiliated Debtors MPI Azalea, LLC, Miles-Cherry Hill, LLC, Miles-Oak Park, LLC, Miles-Fox Hollow, LLC, MPI Cimarron, LLC, MPI Sunset Place, LLC, MPI Palms West, LLC and MPI British Woods, LLC to Arbor Realty SR, Inc. The Bankruptcy Court approved the sale which closed on or about March 15, 2011.

exercise all rights, powers, and privileges (including all applicable voting, consent and approval rights) of Daniel Miles in his then capacity as shareholder, member, manager, managing member, CEO and/or officer with respect to each of MPI and Debtors (and all Miles-related non-debtor affiliates) in order to cause them to take any action required pursuant to Mr. Glass' engagement as CRO, or in connection with their respective operating agreements or by-laws, as applicable.

On the Petition Date, MPI had approximately 228 employees. As of the filing of this Disclosure Statement, MPI has 3 employees, including Chief Financial Officer James L. Mauck, Jr. (the "**CFO**").

None of the other Property Owner Entities had any employees; their day-to-day operations were, prior to the sale of MPI's Management Contracts, conducted by and through MPI as property manager. Debtors (and their non-Debtor affiliates) maintained stand-alone financial statements and bank accounts, however, prior to February 2009, Debtors shared a common cash management system. Specifically, MPI and most affiliates, including Debtors, utilized a so-called "Zero Balance Account System" (the "**ZBA**") as their primary cash management system since 1999, or inception of the respective entity, whichever came later. The ZBA was comprised of a top-level master account and sub-accounts for MPI and the aforementioned affiliates, including Debtors. Each day, funds deposited into the sub-accounts were up-streamed into the master account. When checks or other debits were presented for a particular entity sub-account, the necessary funds were down-streamed from the master account into the respective sub-account, regardless of whether or not the specific sub-account was owed money from the master account, and then processed like any other debit. Remaining funds in the master account in excess of the down-streamed amounts were not returned to their respective sub-accounts. Beginning in November 2008, at the advice and direction of recently hired restructuring counsel and financial advisors, no additional funds were down-streamed from the master account into sub-accounts which would have constituted affiliate advances. Any use of the ZBA was subsequently completely discontinued in February 2009 and all existing ZBA sub-accounts were either closed, converted into a stand-alone account at the existing depository bank, or closed and opened as a stand-alone account at a new depository bank.

As a result of the manner in which Debtors, including MPI, previously operated their cash management system, there are significant intercompany claims owed by and among Debtors (and their Affiliated Debtors and non-Debtor affiliates) as cash generated by one Debtor, Affiliated Debtor or non-Debtor affiliate was used to pay expenses of another Debtor, Affiliated Debtor or non-Debtor affiliate on a regular basis.

As explained in his *Declaration in Support of First Day Pleadings* (Doc. No 10), based on a review by then Chief Restructuring Officer, now Interim Chief Executive Officer of Debtors, Mr. Glass of the books and records of Debtors, including MPI (and

their Affiliated Debtors and non-Debtor affiliates), the exact amount of intercompany claims could not be readily or precisely quantified. Mr. Glass concluded that that it would require the expenditure of such an inordinate amount of professional fees in order to recreate thousands of transactions between Debtors, including MPI (and their Affiliated Debtors and non-Debtor affiliates), spanning up to ten years, and that it would not be practically or economically feasible to do so. Mr. Glass explained that, even if the forensic recreation of such intercompany claims were practical and economically feasible, it is highly doubtful that the results achieved would be reliable as there is substantial doubt as to the accuracy of the books and records of Debtors, including MPI (and their Affiliated Debtors and non-Debtor affiliates) over the past ten years. Mr. Glass further explained that it would also be impossible to recover in respect of intercompany claims from affiliated LLC entities whose underlying Properties have since been foreclosed and otherwise have no assets.

Based on the foregoing, management of the Company, including MPI, under Mr. Glass' direction, took a balance sheet approach to establishing the estimated intercompany claims. Specifically, each Debtor (and non-Debtor affiliate) established its reconciled general ledger account balance upon closing of the ZBA in February 2009. Next, based on the actual master account bank balance and the general ledger balances of the master account and each sub-account upon ZBA closing, each Debtor (and non-Debtor affiliate) calculated their pro-rata portion of actual cash in the bank. The difference between this calculated pro-rata cash balance and the reconciled general ledger balance of each Debtor (and non-Debtor affiliate) was used to establish the amount of the intercompany claim.

B. Industry/Business Conditions

The Company's operations are concentrated in the real estate industry. Beginning prior to the Petition Date, the economy, generally, and the real estate industry, specifically, suffered a dramatic slowdown after years of strong growth, driven, in part, by low consumer confidence and tightening credit availability.⁶ The Company had accumulated past due payables that created operational issues as vendor refusal to continue to provide goods and services precluded or slowed down unit turnover. Moreover, bad debt losses were significantly above historical levels as the available tenant base had a lower economic/credit profile than historically normal for multi-family properties of the type owned and operated by the Company. This was the result of several factors, including rising unemployment and the large "shadow market" of available single-family homes and condominiums for rent that was applying downward pricing pressure to apartment rents. Further, turnover rates were also well above normal levels, primarily due to the circumstances noted above. These higher turnover rates have

⁶ Some of the information contained in this section of the Disclosure Statement was derived from a review of publicly available information.

negatively impacted both repair and maintenance expenses and utility costs, which, in conjunction with a lack of adequate capital, negatively affected the Company's ability to turn and lease units and, consequently, led to a decline in occupancy rates, which resulted in a reduction in management fees to MPI.

As described above, certain of Debtors', Affiliated Debtors' and non-Debtor affiliates' financial condition deteriorated, in large part, due to the substantial economic downturn, including tightening capital markets, rising unemployment and declining rents, among other items. Further, certain Debtors, Affiliated Debtors and non-Debtor affiliates were severely impacted by intercompany claims through use of the ZBA. The specific details for MPI are discussed below in "Liquidity and Capital Structure."

As a result of the foregoing issues, the Properties in which the Company is involved generally experienced a significant decrease in operating cash flow. In many cases, net operating income decreased below that required to service the mortgage debts of the Properties. This necessitated the Company to complete a property-by-property analysis of current cash flows, identify options to improve operating income and review financing alternatives. As a result of this analysis, the Company identified projects that needed to be, are in the process of or have been divested or where agreements might have been reached with existing lenders for a restructuring of debt allowing the property to return to performing status. More generally, in respect to the economy, the commercial real estate capital markets has continued to experience considerable liquidity and other business challenges stemming from, among other things, high default rates on the loans, declining asset values as well as a steep decline in loan originations, impairing the ability to originate loans that could be sold on profitable terms and substantially reducing lender cash flows and net income.

C. Events Leading to Chapter 11 Filing

In September 2007, MPI hired James L. Mauck Jr. to serve as CFO. In his role as CFO, Mr. Mauck was brought in to assume responsibility for overseeing Debtors', including MPI's (and certain Debtor Affiliates' and non-Debtor affiliates') accounting, financial planning & analysis, cash management and purchasing functions. Shortly after joining the Company, the CFO discovered, among other things, that most balance sheet accounts for most of Debtors (and Affiliated Debtors and non-Debtor affiliates) had not been fully reconciled in quite some time, including the ZBA cash accounts. The CFO began implementing processes for improving balance sheet controls, starting with cash, including basic bank reconciliations. In January 2008, the CFO, on behalf of MPI, engaged Tatum, LLC ("***Tatum***"), a professional Accounting and Finance firm, to assist with completing bank reconciliations and other cash-related internal control improvements, among other items. Tatum was engaged for approximately three months, during which time two additional certified public accountants were hired into the Company and significant accounting and internal control improvements were made;

however, all cash sub-accounts within the ZBA were not fully reconciled to the top-level master account until August of 2008. Shortly thereafter, in light of the economic downturn noted above, coupled with the potential intercompany claims resulting from the use of the ZBA, MPI began interviewing legal and financial advisory firms specializing in corporate and real estate restructuring.

In October 2008, Mr. Miles retained GlassRatner Advisory & Capital Group, LLC (“*GlassRatner*”), and the law firm of Berger Singerman to help address Debtors’, including MPI’s and non-Debtor Affiliates, financial issues and assist in restructuring or reorganizing Debtors, including MPI, Affiliated Debtors and certain non-Debtor affiliates. These efforts included attempts to sell Properties, turn back Properties to mortgage lenders or otherwise divest and downsize MPI’s, Debtors’ and non-Debtor Affiliates’ operations.

In March 2009, Debtors, including MPI, Affiliated Debtors and certain non-Debtor affiliates retained GlassRatner to provide interim management services, including providing the services of Mr. Glass as CRO.

In July 2009, the Company, Daniel Miles and their respective professionals met with an unofficial ad hoc committee comprised of investors in certain Property Owner Entities and non-Debtor affiliates and individuals and entities possessing unsecured promissory notes issued by MPI and Miles Development Group, Inc. (the “*Ad Hoc Committee*”) to present a global restructuring proposal. This proposal generally contemplated Daniel Miles utilizing a significant portion of his net assets, exclusive of personal real property and holdbacks for projected personal income tax liability, to restructure MPI, Miles Development Group, Inc. (“*MDG*”), the Property Owner Entities and certain non-Debtor affiliates. The proposal was rejected and, at the insistence of the Ad Hoc Committee, Daniel Miles ultimately stepped down from his role as Chief Executive Officer of MPI in August. At that time, the role of Ronald L. Glass, now Interim Chief Executive Officer,⁷ as CRO was expanded to take control over virtually all of the Properties, as mentioned above.

Despite the best efforts of management, Mr. Glass and the other professionals to restructure the Company, occupancy levels and revenues at MPI and many of the Property Owner Entities continued to decline as a result of the economic and market conditions discussed above, coupled with tightening cash balances.

While Mr. Glass continued his restructuring efforts, in October 2009, Daniel Miles individually and apart from MPI communicated a revised proposal to the Ad Hoc Committee which provided that a new investor-created entity would take over his

⁷ See Doc. No. 457. From and after the Petition Date, Mr. Glass resigned his position as CRO for 41 non-Debtor affiliates.

ownership and membership interest in certain properties, including many Debtors. The new entity was to own, manage and control most of the remaining properties. Daniel Miles was to have no role whatsoever in the new entity but would remain as a guarantor of the underlying mortgage loans (subject to certain indemnification rights). In exchange, he proposed to retain his existing ownership and membership interest in a small number of the Properties as to which Mr. Glass previously made a general determination lacked equity or an ability to turnaround without a significant infusion of capital and lender concessions. The Ad Hoc Committee responded that (i) they would be prepared to agree to Daniel Miles retaining an ownership interest in certain properties subject to other specific considerations to be determined; (ii) they would require an upfront cash payment from Daniel Miles in an amount to be negotiated; and (iii) the new entity could be formed if (a) a new asset sponsor was put in place, (b) the respective lenders on the properties consented, and (c) Daniel Miles agreed to contribute a significant portion of his existing liquidity and future earnings (in an amount to be agreed upon); among other items. The Ad Hoc Committee also responded that no further delay was acceptable because the Properties were languishing, and that no further proposals would be entertained by the Ad Hoc Committee absent Mr. Miles' agreement to fund the Chapter 11 filing for MPI.

Generally speaking, the situation at MPI and many of the Property Owner Entities and non-Debtor affiliates continued to deteriorate and several Properties had reached critical points where it was clear that the only possible way to protect many of the Properties worth saving from receivership and/or foreclosure, as well as MPI's interests as property manager, was through a Chapter 11 filing. At that time, Mr. Glass sent out further capital call notices and requests to member investors to consent to Chapter 11 filings for many of the properties. The capital call notices were ignored and in some instances the consents to filing withdrawn over self-interest by member investors seeking to exclude various non-debtor entities from the filing.

Debtors, including MPI, commenced their Chapter 11 Cases in order to gain breathing room to allow them to pursue a financial restructuring intended to maximize the value of their assets for all constituents. Debtors, including MPI, engaged in discussions with certain lenders and noteholders, where applicable, regarding loan restructuring or extension options. In addition, significant steps were taken pre and post-Petition Date to reduce operating expenses, including office space reductions, adjustments to staffing levels, the reduction in discretionary expenses and various other reductions in operating expenses at the Property Owner Entities. MPI and Debtors have continued to pursue cost reductions, where applicable, during the course of their Chapter 11 cases.

During the pendency of their Chapter 11 cases, pursuant to Orders of the Bankruptcy Court (Doc. No. 722 and 454, respectively), Affiliated Debtors Miles-April Ridge, LLC and MPI Chaucer, LLC sold the Properties they owned.

D. Liquidity and Capital Structure

MPI and Affiliated Debtors are owned in part by Daniel Miles (now Mr. Cifelli as Trustee) who directly or indirectly owns from 52% to as much as 100% of each entity. The liquidity and capital structure for MPI is further discussed below:

With the exception of two financing agreements for property insurance and workers compensation totaling \$1,233,737 (discussed further below), MPI has no prepetition secured debt.

Wachovia Bank N.A. n/k/a Wells Fargo, N.A. ("**Wells Fargo**") asserts that MPI guaranteed a loan to Daniel Miles in respect of a line of credit in the amount of \$1,656,000 plus accrued interest, penalties and fees. The total amount sought through Claim No. 179 on the asserted guarantee is \$1,877,641.79. Additionally, Wells Fargo asserts that MPI guaranteed a loan to non-Debtor MPI Transaction Management, LLC (the "**Aircraft Loan**"), in connection with the acquisition of an aircraft. Wells Fargo further asserts that MPI guaranteed an ISDA Master Agreement between Wachovia Financial Services, Inc. and non-Debtor MPI Transaction Management, LLC (the "**ISDA Master Agreement**") related to the Aircraft Loan. The total amounts sought through Claim Nos. 181 and 196 on these asserted guarantees is \$7,276,831.10, which amount takes into account the subsequent sale of the aircraft and reduction of the claim related to the Aircraft Loan and ISDA Master Agreement.

Also, Wells Fargo asserts that MPI guaranteed a loan to Daniel Miles for his purchase of a luxury condominium residence in Atlanta, Georgia (the "**Condominium**"). The total amount sought through Claim No. 202 with respect to this loan is \$5,334,796.89. The balance of this Claim asserted by Wells Fargo in the amount of \$68,263,813.54, concerns loans made to non-Debtor affiliates of MPI: MDP Fox Road, LLC, as well as MPI Aspen Ridge, LLC, MPI Aspen Trail, LLC, MPI Aspen Run, LLC (collectively, "**Aspen, LLC**") and MPI Cambridge, LLC (collectively, the "**Loans**").

Redus filed a claim [Claim No. 206] in the total amount of \$26,086,911; however, the amount claimed is duplicative of, or subsumed, within Claim No. 202 filed by Wells Fargo.

As alluded to in footnote 2, above, Debtor has secured the agreement of Wells Fargo, on behalf of itself and Redus to voluntarily reduce their claims which total approximately \$108,839,994 (after taking into account a duplicative claim filed by Redus) and accept allowed claims totaling \$17 million for a total claim reduction of approximately \$66 million. In light of the agreement reached to reduce claims, Debtor's Estate will request that Wells Fargo cast ballots for these reduced claims in favor of the Plan. The distribution to be paid to Wells Fargo and Redus will be based on the total allowed claims of \$17 million which will be allocated as follows: (i) Claim No. 179 filed

by Wells Fargo [To be allowed in the amount of \$1,875,000]; (ii) Claim No. 181 filed by Wells Fargo [To be allowed in the amount of \$3,600,000]; (iii) Claim No. 196 filed by Wells Fargo [To be allowed in the amount of \$275,000]; (iv) Claim No. 202 filed by Wells Fargo [To be allowed in the amount of \$250,000; and Claim No. 206 filed by Redus [To be allowed in the amount of \$11,000,000]. In return for this substantial (approximate \$66 million) reduction in the total amount of claims Debtor, pursuant to section 1123(b)(3)(A) of the Bankruptcy Code which provides that a chapter 11 plan may provide for “the settlement or adjustment of any claim or interest belonging to the debtor or to the estate,” has agreed not to object to the guarantee claims filed by Wells Fargo and Redus or seek to avoid the issuance of the guarantees by Debtor as constructively fraudulent conveyances because Debtor received little benefit from guarantees issued in favor of Wells Fargo concerning the (i) Aircraft Loan, (ii) ISDA Master Agreement, (iii) Condominium, and (iv) Loans to Aspen, LLC, MDP Fox Road, LLC and MPI Cambridge, LLC.

MPI also has unsecured notes payable to various private investors in the approximate amount of \$4,156,847 plus accrued interest (collectively, the “*Mezz Notes*”). There are approximately fifty-one Mezz Notes outstanding and the principal amounts generally range from \$5,500 to \$400,000. Approximately \$980,000 of the Mezz Notes payable are personally guaranteed by Daniel Miles. With the exception of five Mezz Notes totaling \$365,000, all Mezz Notes issued by MPI had matured as of the Petition Date. All of the Mezz Notes have now matured. While the Mezz Notes contain traditional terms purporting to represent loan terms MPI submits that the Mezz Notes represent investments or capital infusions in MPI as opposed to debt. In that regard, a significant amount of the Mezz Note holders were also investors in limited liability companies affiliated with MPI which bolsters MPI’s position that the Mezz Notes actually represent investments or capital infusions in MPI. MPI (up to the Effective Date), and the Plan Administrator (from and after the Effective Date), expressly reserve the right to object to Claims based upon the Mezz Notes including via a contested matter and/or adversary proceeding seeking to recharacterize those claims from debt to equity such that distributions to the holders of the Mezz Notes would be made, if at all, only after holders of Allowed Class 2 Claims were paid in full. The holders of the Mezz Notes would likely reject the proposition that the Mezz Notes reflect investments or capital infusions and, instead, take the position that the Mezz Notes reflect debt based on the terms of the Mezz Notes.

MPI had a cash position of approximately \$209,488 upon the commencement of its Chapter 11 Case. As of the filing of this Disclosure Statement, MPI has \$954,680 in cash.⁸ Further, MPI expects to generate at least approximately \$221,000 in cash flow

⁸ Included in this amount is (a) \$599,111 in Debtor’s operating accounts, (b) approximately \$130,245 that Debtor is holding on account of holdbacks equal to 20% of

related to the sale of its Management Contracts and other items,⁹ prior to payments to professionals and other items, between 2011-2014.¹⁰ This cash flow projection is subject to various assumptions, including the continued management of certain multifamily properties by Hediger Enterprises, Inc., the purchaser of the Management Contracts, and may change significantly depending on the ultimate outcome of any changes in the property management or the timing of any such changes in property management of these multifamily properties that materially differ from the assumptions or as otherwise noted in the “Risk Factors” section below.

MPI also has prepetition debt of \$665,000 due and owing to non-Debtor MPI Woodland View, LLC. Additionally, MPI has prepetition debt of \$827,784 due and owing to Debtor MDG which owes a prepetition debt of \$362,664 to MPI. Thus, the net amount of prepetition debt due and owing to MDG by MPI is \$465,120. Contemporaneously with the filing of the Plan and this Disclosure Statement a motion is

the professional fees awarded to Berger Singerman through its eleventh interim application for compensation, (c) \$112,500 that Berger Singerman is holding in connection with the settlement with Mr. Cifelli to cover professional fees awarded with the proviso that to the extent not necessary (other than as referenced in Article II(D), below) the funds being held will be turned over by Berger Singerman to the Plan Administrator in connection with his post-confirmation administration of Debtor’s estate as discussed in Article III(D)(i) and (D)(v), below, (d) \$16,000 that Berger Singerman is holding in connection with a settlement with affiliated, reorganized debtors in previously filed and confirmed chapter 11 cases in the Northern District of Georgia (Lead Case No. 09-73804 - JEM) concerning claims of Debtor, (e) \$22,101 that GlassRatner is holding as a retainer with the proviso that to the extent not necessary the funds being held by GlassRatner will be turned over by it to the Plan Administrator in connection with his post-confirmation administration of Debtor’s Estate, and (f) \$74,723 that Debtor is holding in escrow related to the deductible portion of post-petition claims made on its master insurance policy on behalf of certain non-Debtor affiliates with the proviso that to the extent such funds are not used to fund the deductible portion of claims then they will be returned to the respective non-Debtor affiliates.

⁹ These items are comprised of the following: (a) approximately \$125,000 expected to be received in Fee-Based Payments discussed in Article III(F)(vii), below, (b) monies due from Affiliated Debtor estates (approximately \$15,000), (c) security deposit expected to be returned to Debtor by the landlord of Debtor’s current leased office space (approximately \$19,000), (d) monies due MPI in respect of certain properties owned by non-Debtor affiliates of Debtor (approximately \$52,000), and (e) proceeds from the contemplated sale of personal property (approximately \$10,000), see *Order Authorizing Debtor to Sell Equipment and Furniture* dated March 2, 2011 (Doc. No. 1022).

¹⁰ Excluded from this amount is any potential recovery on account of d&o litigation claims discussed in Article III(F)(viii), below.

being filed seeking entry of an order dismissing MDG's chapter 11 bankruptcy case. To the extent that monies are paid to MDG in the form of distributions as a result of its net claim against MPI (and Affiliated Debtors, if any), such monies will be distributed to MDG's creditors, subject to resolution of any disputes regarding such claims, as if MDG were still in bankruptcy.

III. THE CHAPTER 11 CASE

A. Commencement of Cases

On January 8, 2010 (the "***Petition Date***"), Debtors, including MPI, filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. MPI sought to proceed in an expeditious manner through its Chapter 11 Case to maintain control over the continued management of its affiliated Property Owning Entities and non-Debtor affiliates in an effort to maximize value for its constituents.

By Order dated January 12, 2010 (Doc. No. 11), Hon. Paul W. Bonapfel recused himself and MPI's Chapter 11 Case, as well as Affiliated Debtors' Chapter 11 Cases, was reassigned to Hon. Margaret H. Murphy.

B. "First Day" Relief

On January 19 and 20, 2010, the Bankruptcy Court conducted hearings on certain of the motions filed by MPI, or by MPI and Affiliated Debtors, seeking what is commonly referred to as "first day" relief. This first day relief is designed to meet the goals of (1) continuing MPI's (and Affiliated Debtors') remaining operations in chapter 11 with as little disruption and loss of productivity and/or business revenue as possible, (2) maintaining the confidence and support of the non-debtor affiliated entities whose properties it managed and certain other key constituencies, and (3) establishing procedures for the smooth and efficient administration of its Chapter 11 Case, as well as Affiliated Debtors' Chapter 11 Cases. The relief granted by the Bankruptcy Court at the first day hearing was:

- Authorizing the joint administration of MPI's Chapter 11 Case with the cases of Affiliated Debtors for procedural purposes only (Doc. No. 78);
- Authorizing the payment by MPI of certain prepetition wages, benefits and other obligations, and authorizing banks to honor pre-petition wage and benefit payments that had not cleared as of the Petition Date (Doc. No. 79);
- Approving rejection of certain executory contracts and unexpired leases to which MPI and/or other Affiliated Debtors were parties (Doc. No. 80);

- Authorizing MPI and Affiliated Debtors to continue administering insurance policies and, in their reasonable business judgment, to pay prepetition claims under various insurance policies as well as principal and interest to AICCO, Inc. regarding insurance finance premiums, with all payments being subject to any subsequently entered cash collateral orders (Doc. No. 85);
- Authorizing but not directing MPI and Affiliated Debtors to pay prepetition tax claims (Doc. No. 86); and
- Authorizing MPI, MDG, Miles-April Ridge, LLC and MPI Chaucer, LLC to continue using existing business forms and records and to maintain existing bank accounts and cash management systems, provided that the use of cash would be subject to any subsequently entered cash collateral orders (Doc. No. 87).

C. Miscellaneous Matters, Including Orders Modifying Automatic Stay

By Order dated February 18, 2010 (Doc. No. 209), the Bankruptcy Court prohibited utility providers from altering or discontinuing service on account of pre-Petition Date invoices, and approving pre-existing deposits, surety bonds or future security deposits as adequate assurance of post-Petition Date payment of utility bills as contemplated by section 266 of the Bankruptcy Code. By Order dated February 19, 2010 (Doc. No. 212), the Bankruptcy Court supplemented the prior order by annexing Exhibit A identifying the utility providers and the applicable pre-existing deposits, surety bonds or future security deposits deemed adequate assurance of post-Petition Date payment of utility bills.

By Order dated February 22, 2010 (Doc. No. 246), the Bankruptcy Court approved procedures for the filing by estate professionals of monthly interim applications for compensation and reimbursement of expenses.

By Order dated March 1, 2010 (Doc. No. 266), the Bankruptcy Court gave notice to interested parties of the filing of MPI's *Omnibus Motion to Reject Executory Contracts and Unexpired Leases as of the Petition Date*, setting March 24, 2010 as the deadline for the filing of objections and advising that if none were filed the requested rejection would be approved without hearing. No objections were filed and, therefore, the rejection was approved.

By Order dated March 3, 2010 (Doc. No. 269), the Bankruptcy Court granted Mirna Sandoval, individually and as Next Friend of Chelsea Hernandez Cruz relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to attempt to mediate a state court lawsuit filed against MPI pending before the Superior Court of DeKalb County, Georgia (Case No. 08CV10110-4). After mediation proved

unsuccessful, by Order dated June 3, 2010 (Doc. No. 507), the Bankruptcy Court modified the automatic stay to allow Ms. Sandoval and Ms. Hernandez so that the state lawsuit could be tried, with stay relief conditioned upon movants' agreement that they would not seek recovery from MPI beyond available insurance, waived any claim(s) they had against Debtor's estate.

By Order dated March 12, 2010 (Doc. No. 294), the Bankruptcy Court modified the automatic stay provisions of section 362(a) of the Bankruptcy Code so that First Southern National Bank, lender to non-debtor affiliate MPI Northbrook, LLC, whose property was managed by MPI, could terminate MPI's rights in, to and under the parties' management agreement and take over possession, control and management of the property as contemplated by a previously entered state court order entered in a receivership proceeding.

By Order dated March 16, 2010 (Doc. No. 301), the Bankruptcy Court modified the automatic stay to allow Angels Vasquez-Bolanos, as Personal Representative of the Estate of Angel Arroyo-Vasquez, to continue prosecuting the state court lawsuit against MPI pending before the Orange County, Florida Circuit Court (Case No. 07-CA-012009-O), except that movant could not (i) take discovery requiring the depositions of officers, principals or employees of MPI or Miles Properties Manager, Inc., or (ii) proceed to trial without further modification of the automatic stay as to which both movant and MPI reserved their respective rights. By Order dated January 19, 2011 (Doc. No. 956), Bankruptcy Court granted movant relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting the above-referenced lawsuit against MPI with stay relief conditioned upon movant's agreement that any recovery against MPI would be limited to available insurance, and that any claims against MPI's estate would be waived. The Bankruptcy Court entered a corrected Order dated January 31, 2011 which changed neither the substance of the relief granted nor the terms and conditions upon which that relief was granted. (Doc. No. 965)

By Order dated March 26, 2010 (Doc. No. 345), the Bankruptcy Court conditionally granted a motion filed by MPI seeking approval of a settlement with Barbara Stoffregen concerning claims asserted in a state court lawsuit filed against, among other defendants, MPI in Jefferson County, Alabama circuit court (Case No. CV08-3883) pursuant to which MPI's insurer would, among other things, pay Ms. Stoffregen \$38,500 and in return MPI would be released from any claims that Ms. Stoffregen had against MPI. Subsequently, because no objections to the settlement were filed, the Bankruptcy Court, by Order dated May 18, 2010 (Doc. No. 471) approved the settlement.

By Order dated April 16, 2010 (Doc. No. 408), the Bankruptcy Court granted Michael McKinzie relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against, among other defendants, MPI

filed in the State Court of Fulton County, Georgia (Case No. 2008EV005824F), with stay relief conditioned upon Mr. McKinzie's agreement that any recovery would be limited to available insurance.

By Order dated April 16, 2010 (Doc. No. 410), the Bankruptcy Court modified the automatic stay provisions of section 362(a) of the Bankruptcy Code to enable Master Contracting, Inc. to receive proceeds of a check from Lexington Insurance Company, MPI's insurer, made payable to MPI and Wachovia Bank, N.A., lender to Debtor MPI Azalea, LLC, with payment for services rendered in connection with damage suffered by the real property owned by MPI Azalea, LLC which MPI managed.

By Order dated May 13, 2010 (Doc. No. 460), the Bankruptcy Court granted Ann J. Herrera, as Personal Representative and Administratrix of the estate of Wesley N. Hagan, relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI filed in the State Court of Dekalb County, Georgia (Case No. 08A83964-6), with stay relief conditioned upon Ms. Herrera's agreement that any recovery would be limited to available insurance.

By Order dated July 1, 2010 (Doc. No. 547), the Bankruptcy Court granted Mary Howard and Marcella Bates, Personal Representatives of the estates of Allen Summers, Jr. and Robert Bates, respectively, relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI and a non-debtor affiliate filed in the Orange County, Florida Circuit Court (Case No. 09 CA 31615), with stay relief conditioned upon Ms. Howard's and Ms. Bates' agreement that any recovery would be limited to available insurance and that any claims against MPI's Estate would be waived.

By Order dated July 1, 2010 (Doc. No. 548), the Bankruptcy Court conditionally approved a settlement between MPI and Michelet Verger and the Equal Employment Opportunity Commission (the "**EEOC**") which required MPI to pay Mr. Verger \$250.00 and in return was given a general release and a cessation of the EEOC's investigation into employment-related charges asserted against MPI. Because no objections were filed by the deadline in the Order that Order constituted final approval of the settlement.

By Order dated July 14, 2010 (Doc. No. 561), the Bankruptcy Court authorize MPI to sell miscellaneous IT equipment and furniture no longer needed by MPI and set a hearing for objections, if any, on August 9, 2010; however, no objections were filed and the equipment and furniture were sold.

By Order dated July 27, 2010 (Doc. No. 593), the Bankruptcy Court vacated a prior Order (Doc. No. 587) granting a motion filed by Millburn Partners, LLC ("**Millburn**") seeking to examine Interim Chief Executive Officer Ronald L. Glass, including documents to be produced by Mr. Glass. Documents have been produced to

Millburn, as well as a privilege log for documents redacted or withheld. The parties have reserved their respective rights for any future proceedings regarding the discovery requested and produced.

By Order dated August 3, 2010 (Doc. No. 608), the Bankruptcy Court granted, subject to objections, Wells Fargo Bank, N.A. relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code so that it could obtain confirmation of a foreclosure sale of property purchased with proceeds of a loan made to Daniel J. Miles. MPI consented to the grant of stay relief on the condition, set forth in the Order, that stay relief was without prejudice to MPI's right to object to the subsequent allowance, payment and voting in MPI's Chapter 11 Case of Wells Fargo's deficiency claim. No objections were filed and, upon information and belief, the foreclosure sale took place.

By Order dated August 4, 2010 (Doc. No. 612), the Bankruptcy Court modified the automatic stay provisions of section 362(a) of the Bankruptcy Code so that SIL SF, LLC, lender to non-debtor affiliate MPI Ivy Commons, LLC, whose property was managed by MPI, could terminate MPI's rights in, to and under the parties' management agreement and take over possession, control and management of the property as contemplated by a deed in lieu of foreclosure.

By Order dated August 4, 2010 (Doc. No. 613), the Bankruptcy Court granted Elsa Ma-Vie Ortiz, by and through her Henry Ortiz, her father and Next Friend, relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI and non-debtor affiliates filed in the Superior Court of Fulton County, Georgia (Case No. 2008-CV-160419), with stay relief conditioned upon Ms. Ortiz's agreement, through her father and Next Friend, that any recovery would be limited to available insurance and that any claims against MPI's Estate would be waived.

By Order dated August 24, 2010 (Doc. No. 655), the Bankruptcy Court granted Wendell Littleton-Carter relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI filed in the State Court of Fulton County, Georgia (Case No. 10EV0095914), with stay relief conditioned upon Mr. Littleton-Carter's agreement that any recovery would be limited to available insurance.

By Order dated October 25, 2010 (Doc. No. 788), the Bankruptcy Court granted Tracy Lewis relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI filed in the Jefferson County, Alabama Circuit Court (Case No. CV2008-902108), with stay relief conditioned upon Ms. Lewis' agreement that any recovery would be limited to available insurance.

By Order dated November 19, 2010 (Doc. No. 845), the Bankruptcy Court granted Barbara Drones relief from the automatic stay provisions of section 362(a) of the

Bankruptcy Code to continue prosecuting a lawsuit against MPI filed in the State Court of Fulton County, Georgia (Case No. 2009EV008142D), with stay relief conditioned upon Ms. Drones' agreement that any recovery would be limited to available insurance and that any claims against MPI's Estate would be waived.

By Order dated November 23, 2010 (Doc. No. 851), the Bankruptcy Court approved incentive-based payments to three of four remaining MPI employees, all of whom are non-insiders, to be made on the ending of their employment by MPI as follows: (i) Melissa Barras, Senior Accountant-\$8,793.00; (ii) Mark Gordon, Controller-\$12,692.00, and (iii) Daniel Chandler, Transaction/Legal Coordinator-\$7,200. Subsequent to entry of this Order, Mr. Chandler left his employment at MPI and, consequently, he will not receive the incentive-based payment contemplated by the Court's Order. This Order clarifies that that part of *Miles Properties, Inc.'s Motion for Approval of Incentive-Based and Severance Agreement for Certain Employees* (Doc. No. 780) seeking approval of a severance payment to James L. Mauck, Jr., MPI's CFO, would be adjudicated by subsequent Order.

By Order dated December 6, 2010 (Doc. No. 866), the Bankruptcy Court approved a severance payment to Mr. Mauck, an "insider," in the amount of \$26,923.08 to be made on the ending of his employment by MPI.¹¹ This Order and the payment authorized therein shall be excluded from the scope of subsection 7.5 of the Plan which provides, in part, that all employment and/or compensation agreements between Debtor and any employees shall be deemed rejected as a matter of law through confirmation of the Plan. By Order dated March 9, 2011 (Doc. No. 1045), after receiving supplemental briefs from each of MPI and the United States Trustee on the issue of the propriety of an additional, approximate payment of \$26,000 to Mr. Mauck in the context of section 503(c)(2)(A) of the Bankruptcy Code (Doc. No. 892 and 891, respectively), the Bankruptcy Court approved that additional payment over the Objection asserted by the United States Trustee (Doc. No. 829).¹² Like the previously approved payment, the March 9, 2011 Order authorizing this additional payment to Mr. Mauck shall also be excluded from the scope of subsection 7.5 of the Plan, as well as final compensation due any remaining employees of MPI through the Effective Date.

¹¹ With respect to a debtor corporation like MPI, the term "insider" is defined in the Bankruptcy Code, in relevant part, as a "director," "officer" or "person in control of the debtor." 11 U.S.C. § 101(31)(B)(i), (ii) and (iii).

¹² As a precondition to payment of severance to an "insider," section 503(c)(2)(A) of the Bankruptcy Code requires that the proposed "payment is part of a program that is generally applicable to all full-time employees." 11 U.S.C. § 503(c)(2)(A). MPI asserted that the balance of the proposed payment to Mr. Mauck met this statutory requirement while the United States Trustee disagreed and, therefore, opposed MPI's request to make this additional payment to Mr. Mauck.

By Order dated January 7, 2011 (Doc. No. 930), the Bankruptcy Court granted Roland Beck relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI filed in the Circuit Court of Tennessee (Case No. CT-004153-10), with stay relief conditioned upon Mr. Beck's agreement that any recovery would be limited to available insurance.

By Order dated January 31, 2011 (Doc. No. 966), the Bankruptcy Court granted Kevin Ross relief from the automatic stay provisions of section 362(a) of the Bankruptcy Code to continue prosecuting a lawsuit against MPI filed in the United States District Court for the District of Maryland (Case No. 8:10-cv-03149-AW), with stay relief conditioned upon Mr. Beck's agreement that any recovery would be limited to available insurance and that any claims against MPI's Estate would be waived.

By Order dated March 2, 2011 (Doc. No. 1022), the Bankruptcy Court (as alluded to in footnote 9, above), authorized MPI to sell miscellaneous IT equipment and furniture no longer needed by MPI and set a hearing for objections, if any, on March 29, 2011. If no objections are filed by the March 25, 2011 deadline, then MPI will proceed to see the equipment and furniture.

By Order dated March 9, 2011 (Doc. No. 1043), the Bankruptcy Court granted in part and denied in part a motion filed by Indian Harbor Insurance Company ("IH") seeking approval of an administrative expense claim, granting IH allowed administrative expenses in the total approximate amount of \$7,500 (while acknowledging that the amounts not already paid by non-Debtor affiliates would be paid by such non-Debtor affiliates) and giving IH an allowed unsecured non-priority claim in the amount of \$77,739.06.

By Order dated March 15, 2011 (Doc. No. 1062), the Bankruptcy Court approved Debtor's rejection of certain executory contracts identified in Exhibit A to the Order, effective as of March 16, 2011, the date the Order was entered on the Court's docket. In part, the Order clarified that, to the extent that MPI is one of two counter-parties to a particular executory contract approval of MPI's rejection of such contracts solely related to MPI. With respect to contracts entered into with BFI Waste Systems of North America, LLC and The Perfect Answer, the Order clarified that rejection was solely related to MPI and certain identified Affiliated Debtors.

D. Retention of Professionals

(i) Bankruptcy Counsel

By Order dated February 4, 2010 (Doc. No. 177), the Bankruptcy Court granted MPI's (and Debtors') application to retain Berger Singerman as general bankruptcy counsel to MPI (and Affiliated Debtors) in the Chapter 11 Case subject to objection, if

any, filed by the U.S. Trustee. Certain persons filed a motion for reconsideration denominated as an Objection to the Order (Doc. No. 204), to which Berger Singerman filed a response (Doc. No. 366), with the moving parties filed a supplemental pleading (Doc. No. 349). After conducting multiple hearings the Bankruptcy Court, by subsequent Order dated May 17, 2010 (Doc. No. 465), granted MPI's (and Affiliated Debtors') application to retain Berger Singerman as general bankruptcy counsel to MPI (and Affiliated Debtors) in the Chapter 11 Case and overruled the Objection to the extent not withdrawn. The Order provided that the \$450,000.00 retainer obtained by Berger Singerman from Daniel J. Miles could not be applied absent further Order of the Bankruptcy Court; however, as explained in Section III(F)(v), below, as a result of a settlement by and between Berger Singerman and Mr. Cifelli in his capacity as Chapter 7 Trustee for Daniel J. Miles' bankruptcy estate, Berger Singerman retained \$112,500.00 of the \$450,000.00 retainer provided, with the balance of the funds--\$337,500.00--returned to Mr. Cifelli, as Trustee. The \$112,500.00 being held is to be applied to fees and costs incurred by Berger Singerman to the extent there is a shortfall regarding any awards of compensation and reimbursement of expenses. To date, one such shortfall has been identified as it relates to fees incurred to date by Berger Singerman regarding affiliated Debtor MPI Chaucer, LLC of approximately \$15,000. In footnote 4 and Article II(D), above, Debtor explained that contemporaneously with the filing of the Plan and this Disclosure Statement a motion was being filed to dismiss MDG's chapter 11 case, as well as the chapter 11 cases of MPI Chaucer, LLC and Miles April Ridge, LLC. If and to the extent that the balance of the referenced \$112,500.00 is not otherwise needed to satisfy legal fees and reimbursement of expenses awarded by the Bankruptcy Court during MPI's Chapter 11 Case then such excess amounts, if any, shall be turned over by Berger Singerman to the Plan Administrator for distributions to creditors as provided for in the Plan.

By Order dated February 4, 2010 (Doc. No. 179), the Bankruptcy Court granted MPI's (and Affiliated Debtors') application to retain Foltz Martin as (local) general bankruptcy counsel to MPI (and Affiliated Debtors) in the Chapter 11 Case subject to objection filed by the U.S. Trustee. The Objection filed to the application to retain Berger Singerman (Doc. No. 204), contained a footnote which suggested that the issues raised applied to Foltz Martin, too. To the extent that the Objection applied to Foltz Martin, it was overruled to the extent not withdrawn. Foltz Martin received a pre-Petition Date fee retainer in the amount of \$39,295.00. If and to the extent that legal fees awarded by the Bankruptcy Court during MPI's Chapter 11 Case is less than the retainer provided to Foltz Martin then such excess amounts, if any, shall be turned over by Foltz Martin to MPI for distributions to the Plan Administrator as provided for in the Plan.

(ii) Other Professionals

By Order dated May 10, 2010 (Doc. No. 457), the Bankruptcy Court granted the application filed by MPI (and Affiliated Debtors) to retain GlassRatner as interim

management. Objections were filed by the U.S. Trustee (Doc. No. 182) and joined in by third parties (Doc. No. 205), to which a response (Doc. No. 360), as supplemented (Doc. No. 405) were filed. At a continued hearing conducted on April 14, 2010, MPI (and Affiliated Debtors) withdrew the application to employ GlassRatner and moved *ore tenus* for approval of Ronald L. Glass' continued service to MPI (and Debtors) as Interim Chief Executive Officer. As reflected in its May 10, 2010 Order, the Bankruptcy Court granted the motion *nunc pro tunc* to the Petition Date, approved the hourly rate of compensation for his services (\$495.00), authorized Mr. Glass to engage the services of Michael Fuqua and Jason Cristal at their hourly rates of \$295.00 and \$220.00, respectively, and determined that any amounts due Mr. Glass or GlassRatner for services rendered from and after the Petition Date were allowed as administrative expenses under Section 503(b) of the Bankruptcy Code and granted priority under Section 507(a)(2) of the Bankruptcy Code without the need for either of them to file requests for payment under Section 503(a) of the Bankruptcy Code, file proofs of claim or otherwise make requests for payment. The Bankruptcy Court's Order consequently overruled pending objections to the (withdrawn) application as moot. The Bankruptcy Court reserved jurisdiction to consider whether GlassRatner was entitled to maintain or draw down on the \$100,000.00 retainer paid to it by Daniel J. Miles pursuant to the *DIP Financing Funding Commitment and Pre-Petition Funding Agreement*; however, that issue was rendered moot. Specifically, in light of the Bankruptcy Court's Order, all fees incurred from and after the Petition Date by Mr. Glass and GlassRatner have been paid in full on a going forward basis and will continue to be so paid for the duration of MPI's (and Affiliated Debtors') Chapter 11 Case as allowed Administrative Expense Claims.

By Order dated April 16, 2010 (Doc. No. 412), the Bankruptcy Court approved the retention by MPI (and certain of Affiliated Debtors) of Cain & David, P.C. ("**C&D**") as accountant and tax consultant with respect to (i) preparation of 2009 tax returns, state and federal, (ii) auditing *Miles Properties, Inc.'s Retirement Salary Savings Plan* (the "**401K Plan**") for the 2009 Plan year, and (iii) preparing 1099 and 1096 forms on behalf of MPI to be issued to third party vendors. By Order dated October 27, 2010 (Doc. No. 805), the Bankruptcy Court authorized the expanded scope of C&D's retention to enable it to perform the 2010 audit of MPI's 401K Plan, as the prior retention only contemplated C&D performing the 2009 audit. By Order dated November 19, 2010 (Doc. No. 846), the Bankruptcy Court authorized the expanded scope of C&D's retention to enable it to prepare the 2010 tax returns for MPI (and Affiliated Debtors, except MPI Chaucer, LLC for which authority was granted by prior order of the Bankruptcy Court, and non-Debtor MPI Portfolio Holdings, LLC).

E. Orders Awarding Compensation and Reimbursement of Expenses to Professionals

(i) GlassRatner

As explained in Section III(D)(i), above, in light of the Bankruptcy Court's May 10, 2010 Order (Doc. No. 457), all fees incurred from and after the Petition Date by Mr. Glass and GlassRatner, have been paid in full on a going forward basis and will continue to be so paid for the duration of MPI's (and Affiliated Debtors') Chapter 11 Case.

(ii) Berger Singerman

As of the filing of this Disclosure Statement, as explained in detail below, the Bankruptcy Court has entered Orders approving Berger Singerman's first through eleventh applications for interim compensation and reimbursement of expenses (as it relates solely to MPI). (Doc. Nos. 475, 542, 672, 673, 674, 725, 852, 886, 923, 1059 and 1061).

In its Order approving Berger Singerman's first interim application (Doc. No. 475), the Bankruptcy Court approved fees and expenses in the total amount of \$85,672.39.

In its Order approving Berger Singerman's second interim application (Doc. No. 542), the Bankruptcy Court approved fees and expenses in the total amount of \$37,001.71.

In its Order approving Berger Singerman's third interim application (Doc. No. 672), the Bankruptcy Court approved fees and expenses in the total amount of \$83,737.32.

In its Order approving Berger Singerman's fourth interim application (Doc. No. 673), the Bankruptcy Court approved fees and expenses in the total amount of \$27,123.63.

In its Order approving Berger Singerman's fifth interim application (Doc. No. 674), the Bankruptcy Court approved fees and expenses in the total amount of \$19,646.53.

In its Order approving Berger Singerman's sixth interim application (Doc. No. 725), the Bankruptcy Court approved fees and expenses in the total amount of \$26,875.56.

In its Order approving Berger Singerman's seventh interim application (Doc. No. 852), the Bankruptcy Court approved fees and expenses in the total amount of \$62,393.80.

In its Order approving Berger Singerman's eighth interim application (Doc. No. 886), the Bankruptcy Court approved fees and expenses in the total amount of \$64,447.78.

In its Order approving Berger Singerman's ninth interim application (Doc. No. 923), the Bankruptcy Court approved fees and expenses in the total amount of \$53,507.90.

In its Order approving Berger Singerman's tenth interim application (Doc. No. 1059), the Bankruptcy Court approved fees and expenses in the total amount of \$32,408.40.

In its Order approving Berger Singerman's eleventh interim application (Doc. No. 1061), the Bankruptcy Court approved fees and expenses in the total amount of \$53,464.82.

(iii) **In its Order approving Berger Singerman's eleventh interim application (Doc. No. 1061), the Bankruptcy Court approved fees and expenses in the total amount of \$53,464.82.Foltz Martin**

As of the filing of this Disclosure Statement, as explained in detail below, the Bankruptcy Court has entered Orders approving Foltz Martin's first through sixth applications for interim compensation and reimbursement of expenses (as it relates solely to MPI). (Doc. Nos. 393, 671, 691, 724, 822 and 1044)

In its Order approving Foltz Martin's first interim application (Doc. No. 393), the Bankruptcy Court approved fees and expenses in the total amount of \$22,640.17.

In its Order approving Foltz Martin's second interim application (Doc. No. 671), the Bankruptcy Court approved fees and expenses in the total amount of \$22,146.63.

In its Order approving Foltz Martin's third interim application (Doc. No. 691), the Bankruptcy Court approved fees and expenses in the total amount of \$3,826.85.

In its Order approving Foltz Martin's fourth interim application (Doc. No. 724), the Bankruptcy Court approved fees and expenses in the total amount of \$5,530.16.

In its Order approving Foltz Martin's fifth interim application (Doc. No. 822), the Bankruptcy Court approved fees and expenses in the total amount of \$3,309.67.

In its Order approving Foltz Martin's sixth interim application (Doc. No. 1044), the Bankruptcy Court approved fees and expenses in the total amount of \$7,846.93.

(iv) **In its Order approving Foltz Martin's sixth interim application (Doc. No. 1044), the Bankruptcy Court approved fees and expenses in the total amount of \$7,846.93.Cain & David, P.C.**

Pursuant to its Order dated April 16, 2010 (Doc. No. 412), the Bankruptcy Court approved not only the retention by MPI (and certain of Affiliated Debtors) of C&D as accountant and tax consultant with respect to (i) preparation of 2009 tax returns, state and federal, (ii) auditing MPI's 401K Plan for calendar year 2009, and (iii) preparing 1099 and 1096 forms on behalf of MPI to be issued to third party vendors, but approved the following compensation: The approved compensation related to 2009 tax returns solely concerned Affiliated Debtors as the fees for MPI's 2009 tax returns was paid prepetition. Auditing of the 401K Plan to be done on an hourly basis with a \$6,250.00 retainer—the total compensation sought by C&D was \$15,331.00 and was subsequently approved pursuant to an Order dated December 29, 2010 (Doc. No. 921); preparation of 1099s and 1096s for not more than \$2,000.00. Pursuant to its Order dated October 27, 2010 (Doc. No. 805), the Bankruptcy Court authorized the expanded scope of C&D's retention to enable it to perform the 2010 audit of MPI's 401K Plan, as the prior retention only contemplated C&D performing the 2009 audit, but approved the following compensation: 2010 audit of the 401K Plan for a flat fee of \$14,000.00. Pursuant to its Order dated November 19, 2010 (Doc. No. 846), the Bankruptcy Court authorized the expanded scope of C&D's retention to enable it to prepare the 2010 tax returns for MPI (and Affiliated Debtors except MPI Chaucer, LLC for which authority was granted by prior order of the Bankruptcy Court, and non-Debtor MPI Portfolio Holdings, LLC), and approving a flat fee of \$15,500.00 to perform MPI's 2010 tax return.

F. Significant Events During Chapter 11 Case

(i) **Authorization to Relocate Corporate Headquarters and Reject Lease of Former Premises**

By Order dated March 19, 2010 (Doc. No. 305), the Bankruptcy Court authorized MPI to enter into a new lease of corporate offices located at 20 Mansell Court, Suite 500, Roswell, Georgia 33076 (the "***New Corporate Office Lease***"). By subsequent Order dated March 26, 2010 (Doc. No. 346), the Bankruptcy Court approved MPI's rejection of the lease at its prior corporate premises located at 3280 Peachtree Road, NW, Suite 600, Atlanta, Georgia 30305 (the "***Old Premises***"). MPI and the landlord for the Old Premises (the "***Landlord***") released each other from any claims they had against each other regarding "Surrender Rental" as that term was defined in the parties' lease agreement, as amended. The move into the new corporate premises in Roswell, Georgia resulted in substantial monetary savings for MPI and its Estate.

(ii) **Orders Setting/Extending Claims Bar Date and Administrative Expense Claim Bar Date**

By Order dated April 1, 2010 (Doc. No. 363), the Bankruptcy Court set May 10, 2010 as the date by which creditors and parties in interest file proofs of claim or interests against MPI (and Affiliated Debtors). By corrected Order dated April 2, 2010 (Doc. No. 364), the Bankruptcy Court set May 17, 2010 as the date by which creditors and parties in interest file proofs of claim or interests against MPI (and Affiliated Debtors).

On September 29, 2010 (Doc. No. 737), MPI filed an amended Schedule "F" to its *Voluntary Petition* which amendment listed several persons and entities that were not previously identified and, consequently, notified of the bar date by which proofs of claims had to be filed. Consequently, on October 1, 2010, MPI and Affiliated Debtors filed a motion (Doc. No. 770) seeking an extended bar date for the persons and entities not previously scheduled or otherwise notified of the previously set claims bar date. By Order dated October 18, 2010 (Doc. No. 777), the Bankruptcy Court granted the motion and set December 1, 2010 as the extended bar date by which the newly added persons and entities had to file claims, if any. These newly added persons and entities are identified on Exhibit A to the Bankruptcy Court's October 18, 2010 Order (Doc. No. 777).

By Order dated October 18, 2010 (Doc. No. 778), the Bankruptcy Court set December 1, 2010 as the deadline by which for filing requests for payment of administrative expenses in MPI's (and Affiliated Debtors') Chapter 11 Case. The Bankruptcy Court approved the form of Order as notice of the administrative expense claim bar date, but confirmed that the Order would not reopen the claims bar date previously established for the filing of claims, or as may be extended for those claimants identified in Exhibit A to *Debtors' Motion to Fix Additional Bar Date for Filing Prepetition Claims; and to Designate Form and Manner of Notice of Additional Bar Date* (Doc. No. 770) which was then pending before the Bankruptcy Court, and would not apply to (i) administrative claims which arise in the ordinary course of MPI's (and Affiliated Debtors') post-petition business operations contemplated by any cash collateral order entered by the Bankruptcy Court,¹³ (ii) rejection damage claims for executory contracts and unexpired leases not yet rejected, (iii) applications for approval of professional fees and expenses pursuant to Sections 327, 328 or 330 of the Bankruptcy Code, (iv) obligations owed to the Office of the United States Trustee, (v) administrative claims, whether asserted pursuant to section 507(b) of the Bankruptcy Code or otherwise, that may be asserted by Wachovia Bank, N.A., as master servicer and special servicer for the Holders of Wachovia Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 2007-WHALE 8, Arbor Realty Funding, LLC, or Arbor

¹³ The provision concerning cash collateral would not apply to MPI which has no secured debt.

Realty Mortgage Securities 2004-1, Ltd.,¹⁴ or (vi) administrative claims that may arise for any “break-up fee” that may be allowed via subsequent order of the Bankruptcy Court.¹⁵ The Administrative Expense Claims Bar Date shall also not apply to MPI’s post-petition business operations not contemplated by any cash collateral order entered by the Bankruptcy Court including, but not limited to, wages or salary due and owing to MPI’s then-remaining employees.

(iii) “Disposition Fees” Obtained by MPI

As explained in Section III(C), above, by Order dated March 12, 2010 (Doc. No. 294), the Bankruptcy Court modified the automatic stay provisions of section 362(a) of the Bankruptcy Code so that First Southern National Bank, lender to non-debtor affiliate MPI Northbrook, LLC, whose property was managed by MPI, could terminate certain of MPI’s rights in, to and under the parties’ management agreement and take over possession, control and management of the property as contemplated by a previously entered state court order entered in a receivership proceeding. After stay relief was granted, MPI Northbrook, LLC sold the property and, as a result of managing the sales process, MPI obtained a \$185,500.00 “disposition fee” pursuant to its Asset Management Agreement with MPI Northbrook, LLC.

The sale of another property formerly managed by MPI and owned by non-debtor affiliate MPI Cedar Pointe, LLC generated \$161,000.00 for MPI in the form of a second “disposition fee” pursuant to its Asset Management Agreement with MPI Cedar Pointe, LLC.

(iv) Authorization for MPI to Enter Into Insurance Premium Financing Agreements

By Order dated April 16, 2010 (Doc. No. 414), the Bankruptcy Court authorized MPI to enter into a Premium Financing Agreement with Premium Financing Specialists, Inc. (“*PFSI*”) to enable MPI to purchase an insurance policy from Torus Specialty Insurance Company regarding commercial property insurance for MPI, certain Affiliated Debtors and non-Debtor affiliates, all of which paid part of the required down-payment.

By Order dated May 28, 2010 (Doc. No. 499), the Bankruptcy Court expanded the scope of its prior order authorizing MPI to enter into a Premium Financing Agreement

¹⁴ The assertion of Administrative Expense Claims by Wachovia Bank, N.A. is inapplicable to Debtor as neither Wachovia Bank, N.A. nor Arbor Realty Funding, LLC or Arbor Realty Mortgage Securities 2004-1, Ltd. is a secured creditor of Debtor.

¹⁵ There will be no “break-up” fee here as substantially all of Debtor’s assets were sold to Hediger prior to the filing of the Plan and this Disclosure Statement as discussed in Article III(F)(vi), above.

with PFSI to enable MPI and certain Debtors and non-Debtor affiliates to purchase excess property insurance, general liability and umbrella policies from Landmark American Insurance Company, Essex Insurance Company, Endurance American Specialty Insurance Company, Aspen Specialty Insurance Company, Indian Harbor Insurance Company, QBE Insurance Company and Great American Insurance Company.

(v) **Settlement Between Berger Singerman, P.A. and Trustee James C. Cifelli**

By Order dated August 17, 2010 (Doc. No. 670), the Bankruptcy Court approved a settlement between Berger Singerman, bankruptcy counsel to MPI and Affiliated Debtors, and Mr. Cifelli, in his capacity as Chapter 7 trustee for Daniel J. Miles, pursuant to which Berger Singerman retained \$112,500.00 of a \$450,000.00 bankruptcy retainer provided to Berger Singerman by Daniel Miles pursuant to that certain *DIP Financing Term Sheet and Pre-Petition Funding Commitment* dated as of November 13, 2009. The balance of the funds (\$337,500.00) were returned to Mr. Cifelli in his capacity as Chapter 7 trustee. The \$112,500.00 is to be applied to fees and costs incurred by Berger Singerman to the extent there is a shortfall regarding any awards of compensation and reimbursement of expenses. If there is no shortfall beyond that identified with respect to affiliated Debtor MP Chaucer, LLC in Article II(D), above, the balance of the funds shall be turned over to MPI's Estate or, after the Effective Date, to the Plan Administrator in connection with his post-confirmation administration of Debtor's Estate.

(vi) **Expiration of Exclusivity**

The period within which only MPI (and certain Affiliated Debtors) could file a Chapter 11 plan expired on September 13, 2010. See (Doc. No. 538).

(vii) **Sale of Substantially all of MPI's Assets to Hediger Enterprises, Inc.**

By Order dated September 17, 2010 (the "***Sale Order***") (Doc. No. 696), the Bankruptcy Court approved the sale of substantially all of MPI's assets, principally, Management Contracts pursuant to which it managed residential apartment complexes owned by several Debtors and non-Debtor affiliates to Hediger Enterprises, Inc. ("***Hediger***"), the assignee of Carroll Property Management, LLC ("***Carroll***").

The underlying motion (the "***Sale Motion***") (Doc. No. 607) sought entry of (a) an initial order (i) establishing bidding procedures, (ii) approving the form of an asset purchase agreement, (iii) authorizing a break-up fee and reimbursement of buyer expenses, (iv) approving the form and manner of notice, (v) scheduling an auction and final hearing on approval of sale, and (vi) shortening the notice period for the sale, and (b) final order authorizing the sale, assumption and assignment of MPI's management contracts. The proposed sale was memorialized in an Asset Purchase Agreement entered

into as of August 2, 2010 by and between MPI and Carroll (the “**APA**”). The APA contemplated, among other things, a purchase price of \$300,000.00, MPI’s retention of certain rights under the APA, i.e., disposition fees, etc., Hediger’s assumption of certain identified obligations at closing, and monthly fee-based payments to be made by Hediger to MPI in an amount equal to thirty percent (30%) of the management fees under each of the contracts it acquired, after accounting fees to Hediger equal to \$4 per month per managed unit, for the duration of the continued management of the underlying properties, including any extensions, renewals or replacements of such management contracts (the “**Fee-Based Payments**”). A mechanism was put into place that provided for a reduction in the sale price pursuant to a formula if at closing the management fees pursuant to the acquired management contracts, in the aggregate, were less than set forth in the applicable schedule in the APA.

By Order dated August 10, 2010 (Doc. No. 622), the Bankruptcy Court approved the sale-based procedures proposed by MPI. On August 12, 2010, MPI filed its *Notice of (A) Solicitation of Bids to Purchase Management Contracts of Debtor Miles Properties, Inc., (B) Auction for Sale, Assumption and Assignment of Management Contracts, and (C) Sale Hearing* (Doc. No. 626) pursuant to which it gave notice of the proposed sale and the opportunity for interested parties to make higher and better offers through an auction process. Ultimately, no qualified bidders made competing bids rendering an auction unnecessary and, as a result, the Bankruptcy Court approved the sale to Hediger.

The Sale Order excepted from its scope the property owned by Hidden Village Associates, LLC (the “**Hidden Village Property**”) because of a pending objection it had filed (the “**Objection**”) (Doc. No. 667); however, the Bankruptcy Court approved a resolution of that objection through an Order dated October 1, 2010 (the “**October 1 Order**”) (Doc. No. 772) through which management of the Hidden Village Property was turned over by MPI to Hediger and the Sale Order was deemed to include within its scope the assumption and assignment of the management agreement between Hidden Village Associates, LLC and MPI as contemplated by the Sale Motion. The October 1 Order confirmed that no releases were being exchanged by Hidden Village Associates, LLC and MPI, that neither the resolution of the Objection for entry of the Order would have preclusive or binding effect with regard to any issue raised in the Objection in any future legal proceeding in or related to MPI’s Chapter 11 Case, nor constitute a waiver or release of any default pursuant to the management agreement being assumed and assigned to Hediger.

**(viii) Claim for Officer and Director Insurance Coverage by Franco Rizzolo;
Notice of Assertion of Claims by MPI**

Franco Rizzolo (“**Rizzolo**”), through counsel, in connection with a lawsuit pending before the United States District Court for the District of New Jersey styled *Millburn Partners, LLC v. Rizzolo*, 2:10-cv-03039-KSH-PS (the “**Action**”), made a request for

coverage under Travelers Casualty and Surety Company of America (“*Travelers*”) Policy No. 104919674 and the related Wrap+ Private Company Directors and Officers Liability Coverage (the “*D&O Policy*”).

By letter dated August 25, 2010 to Michael Caldwell, MPI responded to Travelers’ request for information relating to Rizzolo and his requests for coverage for the Action advising that as a result of its review of the books and records available to it Rizzolo was not an “Insured Person” under the D&O Policy. In that regard, MPI advised Travelers that Rizzolo was not an employee of MPI, but rather, Rizzolo provided services to MPI through his Florida-based consulting business called Riz Developing, LLC a/k/a Riz Developing, Inc. which was retained by MPI or a MPI-related entity. MPI further advised Travelers that the D&O Policy and the proceeds thereof constitute property of MPI’s Chapter 11 bankruptcy estate, and that because of the automatic stay provisions of section 362(a) of the Bankruptcy Code Travelers had to obtain relief from the automatic stay before advancing any funds under the D&O Policy to anyone other than MPI. Lastly, MPI advised that it intended to assert a claim for coverage under the D&O Policy.

By letter dated September 8, 2010, MPI advised Rizzolo with respect to his claim for coverage under the D&O Policy relating to the Action that based on its investigation it concluded that Rizzolo was not an “Insured Person” under the D&O Policy and therefore not entitled to coverage. MPI advised Rizzolo, as it did Travelers in the above-described August 25, 2010 letter, that Rizzolo was not an employee of MPI, but rather, Rizzolo provided services to MPI through his Florida-based consulting business called Riz Developing, LLC a/k/a Riz Developing, Inc. which was retained by MPI or a MPI-related entity. MPI further advised Rizzolo that the D&O Policy and the proceeds thereof constitute property of MPI’s Chapter 11 bankruptcy estate, and that because of the automatic stay provisions of section 362(a) of the Bankruptcy Code Travelers had to obtain relief from the automatic stay before advancing any funds under the D&O Policy to anyone other than MPI. MPI further advised Rizzolo that it had instructed Travelers of its position that stay relief was required to advance funds to Rizzolo, and that MPI would contest any efforts to seek stay relief in respect of Rizzolo’s claim for coverage under the D&O Policy.

MPI has been advised by Travelers that it was denying Rizzolo’s claim for coverage under the D&O Policy in respect of the Action.

(ix) **Notice to Travelers of MPI’s Intent to Assert Claims; Demand**

On December 27, 2010, MPI gave notice to Travelers of MPI’s intent to assert claims on behalf of creditors and other ZBA net lenders (collectively, the “*ZBA Net Lenders*”) against certain former directors, officers, managers and employees, including Daniel J. Miles for, among other things, breach of fiduciary duties, negligence and other acts, errors and omissions made with respect to malfeasance in management of MPI in

connection with operation of the ZBA. MPI advised Travelers that, as Debtor-in-Possession, or a post-confirmation agent like proposed Plan Administrator Ronald Glass on behalf of MPI's creditors, MPI or Ronald Glass would have standing to assert such claims against former directors, officers, managers and employees, including Daniel J. Miles, in connection with operation of the ZBA. MPI further advised of significant intercompany claims owed by and among MPI, Debtors, Affiliated Debtors and their non-Debtor affiliates as a by-product of operation of the ZBA, and the methodology of how those balances were reconciled in February 2009, as discussed above. MPI further advised of a lawsuit filed by Millburn Partners, LLC against Franco Rizzolo pending in the U.S. District Court for the District of New Jersey (Case No. 2-10-cv003039-KHS-PS), and that through the Complaint (¶¶ 45, 95, 101 and 118), Millburn Partners, LLC alleged, among other things, wrongdoing by MPI for its use of the ZBA, and omissions in disclosure. MPI further advised of correspondence from investors alleging, among other things, failure to disclose and injuries relating to the legality of the ZBA.

Demand will be made by the Plan Administrator after the Effective Date on behalf of creditors and the other ZBA Net Lenders, on Travelers for the D&O Policy limits with respect to ZBA-related claims. Debtor holds approximately 5% of the outstanding monies due and owing based on operation of the ZBA. Debtor understands that the D&O Policy has a \$1 million limit and that fees incurred by the insurer reduce the amount available for covered claims. However, Debtor does not understand that Travelers has incurred significant expenses to date, if any, such that if Travelers meets the contemplated demand it might bring close to \$50,000 into Debtor's Estate for the benefit of Creditors holding allowed Claims.

CLAIMS IN RESPECT OF OPERATION OF THE ZBA WILL NOT BE ASSERTED BY MPI AGAINST INTERIM CEO RONALD L. GLASS OR MPI'S CHIEF FINANCIAL OFFICER JAMES L. MAUCK, JR. MR. GLASS AND MR. MAUCK WERE RETAINED BY MPI AS CRO AND CFO IN MARCH, 2009 AND SEPTEMBER, 2007, RESPECTIVELY. MR. GLASS WAS RETAINED APPROXIMATELY 10 YEARS AFTER THE ZBA HAD BEEN IN PLACE AND WAS INSTRUMENTAL IN AND RESPONSIBLE FOR CLOSING DOWN THE ZBA AND RECONCILING THE VARIOUS ACCOUNTS BETWEEN AND AMONG DEBTORS, AFFILIATED DEBTORS AND NON-DEBTOR AFFILIATES. MR. MAUCK WAS RETAINED AS CFO APPROXIMATELY 8 YEARS AFTER THE ZBA HAD BEEN IN PLACE AND, IN ADDITION TO WORKING TO RECONCILE THE INTERCOMPANY CLAIMS THAT HAD ARISEN AS A RESULT OF OPERATION OF THE ZBA AND INTRODUCING OTHER INTERNAL CASH-RELATED CONTROLS, AND IN RETAINING TATUM TO ASSIST WITH COMPLETING BANK RECONCILIATIONS AND OTHER CASH-RELATED INTERNAL CONTROL IMPROVEMENTS, WORKED DIRECTLY AND EXTENSIVELY WITH MR. GLASS (AND

GLASSRATNER) IN HIS CAPACITY AS CRO AND MPI'S LEGAL COUNSEL IN CLOSING DOWN THE ZBA AND MAKING FINAL RECONCILIATIONS OF THE VARIOUS INTERCOMPANY ACCOUNTS BETWEEN AND AMONG DEBTORS, AFFILIATED DEBTORS AND NON-DEBTOR AFFILIATES. REGARDLESS, AS IT RELATES TO MR. GLASS AND MR. MAUCK, A FULL AND COMPLETE EXCULPATION OF ANY LIABILITY WILL BE PROVIDED TO THEM THROUGH THE CONFIRMATION ORDER AS IT RELATES TO THE ZBA. SPECIFICALLY, EACH OF MR. GLASS AND MR. MAUCK WILL BE RELIEVED OF ANY LIABILITY FROM ANY CLAIM(S) THAT MIGHT BE ASSERTED AGAINST EITHER OR BOTH OF THEM BY ANY PERSON OR ENTITY, INCLUDING BUT NOT LIMITED TO MPI, AFFILIATED DEBTORS OR NON-DEBTOR AFFILIATES IN ANY WAY RELATING TO OR IN CONNECTION WITH THE ZBA INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE AND BREACH OF FIDUCIARY DUTIES.

Notwithstanding any provision in the Plan or this Disclosure Statement to the contrary, the decision to not assert any claims related to operation of the ZBA against Interim CEO Ronald L. Glass and MPI's Chief Financial Officer James L. Mauck, Jr. shall not work or result in a release or waiver of any such claims that the Plan Administrator might bring against any former officers and directors of MPI, or claims or demands that the Plan Administrator may make on behalf of MPI and the ZBA Net Lenders under the D&O Policy.

MPI is one of several ZBA Net Lenders, that is, entities that ended up after cessation of the ZBA by MPI, as being owed monies by ZBA *net* borrowers.¹⁶ If and to the extent that there is a recovery by MPI on any ZBA-related litigation claim(s) the following rules, with certain exceptions noted below, shall govern the distribution of any recovery between and among the ZBA Net Lenders. As an initial matter, because any ZBA-related litigation claim(s) will be pursued by MPI, the entity that operated the ZBA, (i) legal fees incurred by MPI in prosecuting such claim(s) on behalf of the ZBA Net Lenders shall be reimbursed first from recovery from any ZBA-related litigation claim(s), and (ii) remaining funds MPI recovers will, in turn be distributed to the ZBA Net Lenders pursuant to the percentage applicable to each net lender to the total outstanding ZBA-related inter-company claims (\$17,747,273.37), with only MPI's share (approximately 5% of the \$17,747,273.37) being paid into MPI's Estate. Certain of the ZBA Net Lenders are Affiliated Debtors before this Court and, therefore, distributions, if any, of recoveries

¹⁶ MPI was a ZBA Net Lender in the amount of \$903,106.74. Affiliated Debtor ZBA Net Lenders, and the total amounts of their claims, are as follows: (i) MPI British Woods, LLC-\$932,912.59; (ii) MPI Chaucer, LLC-\$813,231.27; (iii) MPI Sunset Place, LLC-\$563,276.56; (iv) Miles-Fox Hollow, LLC-\$556,240.53; (v) Miles-Cherry Hill, LLC-\$524,155.60; and MPI Palms West, LLC, \$382,800.13.

(net of attorneys' fees to be reimbursed to MPI, above) resulting from prosecution of any ZBA-related litigation claim(s) will be made to these Affiliated Debtors' respective bankruptcy estates. Any ZBA Net Lenders that have a calculated distribution of less than \$5,000 in accordance with the foregoing provisions shall not receive such distributions. Accordingly, any net distributions under \$5,000 shall be allocated to the remaining ZBA Net Lenders with distributions greater than \$5,000 according to the percentage applicable to each remaining ZBA Net Lender's share of the total outstanding ZBA-related inter-company debt. Where a ZBA Net Lender has an existing bank account, distributions, if any, of recoveries (net of attorneys' fees to be reimbursed to MPI, above) resulting from prosecution of any ZBA-related litigation claim(s) will be made to those ZBA Net Lenders' accounts. Where no such bank accounts exist, MPI will make distributions, if any, of recoveries (net of attorneys' fees to be reimbursed to MPI, above) resulting from prosecution of any ZBA-related litigation claim(s) to the lenders, receivers, creditors or members of the limited liability company net lenders as required by law, court order or otherwise.

On December 27, 2010, MPI gave Travelers notice of such claims during the policy coverage period. Travelers subsequently acknowledged receipt of such notice and claim.

(x) Termination of MPI's 401K Plan

By Order dated November 19, 2010 (Doc. No. 848), the Bankruptcy Court authorized the (i) replacement of Mr. James L. Mauck as administrator of the 401K Plan with MPI, with Mr. Glass to serve as Chair of the 401K Plan, and (ii) termination of the 401K Plan. Consistent with and pursuant to the Bankruptcy Court's Order, MPI immediately notified The Standard, the entity operating the 401K Plan, of entry of the Order which authorized The Standard, and MPI, to take all steps necessary to effectuate termination of the 401K Plan, including compliance with applicable ERISA-related regulations, if any. Termination of the 401K Plan is consistent with the wind-down of MPI as contemplated by the Plan and this Disclosure Statement.

IV. MEANS OF IMPLEMENTATION OF THE PLAN

A. Plan Summary

The Plan is a liquidating Chapter 11 Plan. The Plan Administrator will, from and after the Effective Date, liquidate remaining assets, including Avoidance Actions and Causes of Action, and make Distributions to Holders of Allowed Claims as provided for in the Plan.

B. Unclassified and/or Unimpaired Claims

The Unclassified and/or Unimpaired Claims consist of Administrative Expense Claims, Statutory Fees, Professional Claims, Priority Tax Claims and Priority Claims. These Claims shall be treated as follows:

(i) **Administrative Expense Claims.** Each Holder of an Allowed Administrative Expense Claim shall receive on account of the Allowed Administrative Expense Claim and in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Expense Claim, Cash equal to the unpaid portion of such Allowed Administrative Expense Claim, as soon as practicable upon the earlier to occur of (i) the Effective Date or ten (10) Business Days after the entry of a Final Order allowing such Administrative Expense Claim; or (ii) the entry of an order of the Bankruptcy Court awarding a Professional Claim. Provided, however, that Administrative Expense Claims with respect to liabilities incurred by Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto. Administrative Expense Claims are Unimpaired.

(ii) **Statutory Fees.** On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in full, in Cash.

(iii) **Professional Claims.** No later than ten (10) days prior to the Confirmation Hearing Date, each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Confirmation hearing Date. Within ten (10) days after entry of a Final Order with respect to its final fee application, the Plan Administrator shall pay in full the Allowed Claims of each Professional in Cash.

(iv) **Priority Tax Claims.** With respect to each Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall be entitled to receive on account of such Allowed Priority Tax Claim, in full satisfaction, settlement and release of and in exchange for such Allowed Priority Tax Claim, payment in full in Cash on the Effective Date or as soon thereafter as is practicable in recognition of the applicable claims resolution process set forth herein. Priority Tax Claims are Unimpaired.

In accordance with the Bankruptcy Code, the Allowed Administrative Expense Claims and Allowed Priority Tax Claims are not classified. Therefore, the claimants holding the aforementioned Claims may not vote on the Plan.

C. Treatment of Claims and Interests

(i) Class 1 – Priority Claims

(a) Definition of Class 1 – Priority Claims

Priority Claims are all Claims against the Debtors entitled to priority under Sections 507(a)(3), (a)(4), (a)(5), (a)(6), (a)(7) or (a)(9) of the Bankruptcy Code, that are not Priority Tax Claims.

(b) Treatment of Class 1 – Priority Claims

Each Holder of an Allowed Priority Claim shall receive on account of such Claim, Cash equal to the amount of such Allowed Priority Claim, without post-petition interest or penalty, on the later of (i) the Effective Date or as soon as practicable thereafter or (ii) the date that is ten (10) Business Days after an order of the Bankruptcy Court allowing such Priority Claim becomes a Final Order.

(ii) Class 2 – General Unsecured Claims

(a) Definition of Class 2 – General Unsecured Claims

General Unsecured Claims are all Claims against Debtor other than Administrative Expense Claims, Professional Claims, Priority Tax Claims, Priority Claims and Interest.

(b) Treatment of Class 2 – General Unsecured Claims

After (a) satisfaction in full or satisfaction in accordance with the Plan of all Allowed Administrative Expense Claims, Professional Claims, Allowed Priority Tax Claims and Allowed Priority Claims, the Available Cash shall be allocated Pro Rata among holders of Allowed General Unsecured Claims. Each Holder of an Allowed General Unsecured Claim shall receive a Distribution or Distributions from the Plan Administrator of its share of the Available Cash allocable on account of its Allowed General Unsecured Claim, shared Pro Rata with the Holders of other Allowed General Unsecured Claims.

(iii) Class 3 – Interests

(a) Definition of Class 3 – Interests

Interest Claims are claims arising from any and all equity interests, ownership interests or shares in Debtor and issued by Debtor prior to the Petition Date (including, without limitation, all capital stock, stock certificates, common stock, preferred stock, partnership interests, rights, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in Debtor, partnership interests in any of the Debtor's stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights and liquidation preferences, puts, calls or commitments of any character whatsoever relating to any such equity, ownership interests or shares of capital stock of Debtor or obligating Debtor to issue, transfer or sell any shares of capital stock) whether or not certificated, transferable, voting or denominated "stock" or a similar security.

(b) Treatment of Class 3 – Interests

Holders of Interests will receive no distributions on account of such Holder's Interests. On the Effective Date, all Interests of Debtor will be cancelled.

D. Post-Confirmation Operations of Debtor

On the Effective Date of the Plan, all of the Available Cash shall vest in and be retained under the sole and exclusive control of the Plan Administrator solely for the benefit of all Holders of Allowed Claims against Debtor pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code. The Plan contemplates the distribution of the Available Cash for the benefit of the Holders of Allowed Claims.

As soon as practicable after the Effective Date, Debtor will be dissolved for all purposes without the necessity for any further actions to be taken by or on behalf of Debtor or payments to be made in connection therewith; provided however, the Plan Administrator shall be authorized to file or caused to be filed Debtor's final tax returns, and complete or cause to be completed a final audit of the 401K Plan and workers compensation policy. From and after the Effective Date, Debtor (i) for all purposes shall be deemed to have withdrawn its business operations from any state in which it was previously conducting, or is registered or licensed to conduct, its business operations, and shall not be required to file any document, pay any sum or take any other action, in order to effectuate such withdrawal (ii) shall be deemed to have cancelled pursuant to the Plan all Interests, and (iii) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes accruing on or after the Effective Date.

E. The Plan Administrator

(i) Appointment of a Plan Administrator

On or prior to the Effective Date, Debtor will appoint Ronald L. Glass, the current Interim CEO of Debtor and Affiliated Debtors, as well as the CRO of non-Debtor affiliates, as the Plan Administrator. Mr. Glass is an “insider” of Debtor as contemplated by section 101(31)(B) of the Bankruptcy Code. The Plan Administrator will perform the duties reserved for such person in the Plan.

(ii) Plan Funding

The Plan will be funded by Available Cash including, but not limited to, Fee-Based Payments from Hediger and proceeds of Avoidance Actions and Causes of Action.

On the Effective Date, the Plan Administrator shall be authorized to pay from Available Cash all Allowed Administrative Expenses, all Allowed Priority Tax Claims and the fees of the Office of the United States Trustee, in accordance with the terms of the Plan.

(iii) Powers and Obligations of the Plan Administrator

As of the Effective Date, the Plan Administrator shall act in a fiduciary capacity for the Holders of all Allowed Claims thereunder and shall have only those rights, powers and duties conferred to him/her by the Plan, as well as the rights and powers of a trustee under sections 542 through 552 of the Bankruptcy Code and the duties of a trustee under sections 704(1), (2), (4), (5), (7) and (9) of the Bankruptcy Code. The Plan Administrator shall administer the Plan subject to the foregoing duties and powers, which shall include the following:

- (a) To prosecute, compromise or settle objections to Claims and to make or direct that Distributions be made to Holders of Allowed Claims;
- (b) To make decisions regarding the retention or engagement of Professionals and to pay all reasonable fees and expenses incurred after the Effective Date;
- (c) To make or direct Distributions to Holders of Allowed Claims and to otherwise implement and administer the Plan;
- (d) To pursue, litigate or settle all Avoidance Actions and Causes of Action, specifically including claims against certain former directors, officers, managers and employees, including Daniel J. Miles (but excluding Interim Chief Executive Officer Ronald L. Glass and CFO James L. Mauck, Jr.) for, among other

things, breach of fiduciary duties, negligence and other acts, errors and omissions made with respect to malfeasance in management of MPI in connection with operation of the ZBA as alluded to in Article III(F)(ix), above, as well as make claims and demands on behalf of MPI's creditors and any other ZBA Net Lenders upon Travelers Casualty and Surety Company of America under the D&O Policy;

(e) To file with the Bankruptcy Court the reports and other documents and to pay any and all fees required by the Plan or otherwise required to close the Chapter 11 Case, including the preparation and filing of a motion for a Final Decree;

(f) To set off amounts owed to Debtor against any and all amounts otherwise due to be distributed to the Holder of an Allowed Claim under the Plan;

(g) To collect open accounts receivable;

(h) To collect "disposition" fees, if any, for the sale(s) of any Properties owned by Affiliated Debtors and non-Debtor affiliates;

(i) To collect and manage further Fee-Based Payments from Hediger Enterprises, Inc.;

(j) To manage MPI's insurance program including but not limited to billing and collecting premiums from Hediger, coordination with MPI's insurance broker on claims, paying required deductibles, collecting open accounts receivable from MPI's insurance broker and terminating insurance for properties no longer managed by Hediger;

(k) To file final tax returns, conduct or cause to be conducted a final audit of the 401K Plan and a final audit of the workers compensation policy;

(l) To manage and, as appropriate, seek leave of the Bankruptcy Court to abandon or destroy documents currently in storage (the "Storage Facility") or where otherwise located; and

(m) To take all other actions not inconsistent with the provisions of the Plan deemed necessary or desirable in connection with administering the Plan.

(iv) Engagement of Post Confirmation Professionals and Compensation to Plan Administrator and Post Confirmation Professionals

The Plan Administrator shall be compensated from Available Cash. The Plan Administrator shall be entitled to bill for his services at the hourly rate he charges in the ordinary course of business which, as of the filing of this Disclosure Statement, is

\$500.00 @ hour, and shall be compensated for such services from Available Cash. The Plan Administrator may engage counsel and other professionals to represent him in connection with his/her duties hereunder (the “***Post-Confirmation Professionals***”); provided, however, that Post-Confirmation Professionals shall not be precluded from representing the Plan Administrator to the extent that certain of their Administrative Expense Claims remain unpaid from Debtor’s Estate. Any fees and expenses of such Post-Confirmation Professionals shall constitute post-confirmation Administrative Expense Claims. The Plan Administrator may, in the exercise of his business judgment, employ James L. Mauck, Jr., individually or through some corporate entity. As discussed above, Mr. Mauck, in his capacity as Debtor’s CFO, is an “insider” of Debtor as contemplated by section 101(31)(B) of the Bankruptcy Code.

The Post-Confirmation Professionals shall be paid 90% of their fees and 100% of their costs on a monthly basis from Available Cash. Post-Confirmation Professionals shall file fee applications no less frequently than every 120 days seeking approval of fees and expenses to be awarded by the Bankruptcy Court, including approval of the amounts paid on a monthly basis. A Post-Confirmation Professional who fails to file an application seeking approval of compensation and expenses previously paid when such application is due every 120 days shall preclude such Post-Confirmation Professional from being paid monthly as provided herein until an interim fee application has been filed and heard by the Bankruptcy Court. Upon the filing of each such application, the Post-Confirmation Professionals shall be entitled to request the payment of some or all of any pending holdbacks in fees. The Bankruptcy Court shall retain jurisdiction to allow or disallow all post-confirmation Administrative Expense Claims of the Plan Administrator and the Post-Confirmation Professionals. The invoices for services rendered and out-of-pocket expenses incurred which are to be submitted shall be sufficiently detailed to identify the hours worked, the rates charged and the work performed.

The Plan Administrator may employ such staff as is reasonably necessary to carry out his/her functions and duties, store the books and records of Debtor, and compensate such staff and pay for such premises from Available Cash.

(v) **Resignation, Death or Removal of the Plan Administrator.**

The Plan Administrator may resign at any time; provided, however, that he/she shall file a motion with the Bankruptcy Court in connection therewith and request that a successor or replacement be appointed in accordance herewith, which motion shall be on notice to the top twenty (20) unsecured creditors holding Allowed Claims and the Office of the United States Trustee. The Office of the United States Trustee or any party in interest, by motion filed with the Bankruptcy Court, or the Bankruptcy Court on its own order to show cause, may seek to remove the Plan Administrator for cause, including under section 324 of the Bankruptcy Code, for the violation of any material provision of the Plan, or in the event the Plan Administrator becomes incapable of acting hereunder as

a result of physical or mental disability and such physical or mental disability continues for a period in excess of thirty (30) days (except in the case of death, in which instance the procedures for replacement will begin immediately). In the event of a resignation or removal, the Plan Administrator, unless he/she is incapable of doing so, shall continue to perform his/her duties hereunder until such a time as a successor is approved by a Final Order of the Bankruptcy Court. In the event the Plan Administrator resigns or is removed, the successor shall be elected in them manner prescribed by section 1104(b) of the Bankruptcy Code.

F. Objections to Claims

Subject to applicable law, from and after the Effective Date, the Plan Administrator shall have the authority to File, settle, compromise, withdraw, arbitrate or litigate to judgment objections to Claims pursuant to applicable procedures established by the Bankruptcy Code, the Bankruptcy Rules, and this Plan. Objections to any Claim other than an Administrative Expense Claim (for which the objection deadline is set forth in Section III(F)(2)) must be Filed and served on the claimant no later than the later of (x) thirty (30) days after the date the Claim is Filed or (y) ninety (90) days after the Effective Date or such other date as may be ordered from time to time by the Court (the "Claim Objection Deadline"). The Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all Disputed Claims.

G. Distributions Under the Plan

Distributions to Holders of Allowed Claims shall be made: (a) at the addresses set forth in the proofs of Claim Filed by such Holders; (b) at the addresses set forth in any written notices of address change filed with the Bankruptcy Court or delivered to the Plan Administrator after the date on which any related proof of Claim was Filed; or (c) at the addresses reflected in the Schedules relating to the applicable Allowed Claim if no proof of Claim has been Filed and the Plan Administrator has not received a written notice of a change of address.

Except as required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a distribution, under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

No payment of Cash in an amount of less than \$25.00 shall be required to be made on account of any Allowed Claim.

Unless otherwise expressly set forth herein with respect to a specific Claim or Class of Claims, for the purpose of the provisions of the Plan, the "Face Amount" of a Disputed Claim means the amount set forth on the proof of Claim unless the Disputed Claim has been estimated for distribution purposes or, in the alternative, if no proof of Claim has been timely Filed or deemed Filed, zero.

Checks issued in respect of Distributions under the Plan shall be null and void if not negotiated within ninety (90) days after the date of issuance. If any Distribution remains unclaimed for a period of 90 days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the Holder entitled thereto, such Unclaimed Property shall be forfeited by such Holder.

On the Effective Date, or as soon thereafter as practicable, the Plan Administrator shall distribute to the Holders of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, and Allowed Professional Claims an amount equal to the Distribution for each respective Class as set forth in the Plan.

In connection with the Plan and the distributions made in accordance therewith, if and to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed by any Governmental Unit and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Plan Administrator shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

H. Conditions to Confirmation

There following are conditions to entry of the Confirmation Order:

(i) The Confirmation Order shall be in form and substance reasonably satisfactory to Debtor.

I. Conditions to the Effective Date

The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions are satisfied or, if waivable pursuant to Section 11.1.3 of the Plan, waived:

(i) The Bankruptcy Court shall have entered. the Confirmation Order in form and substance reasonably satisfactory to Debtor;

(ii) The Bankruptcy Court shall have approved the information contained in the Disclosure Statement as adequate pursuant to section 1125 of the Bankruptcy Code;

(iii) All documents, instruments and agreements, in form and substance reasonably satisfactory to Debtor, provided for under the Plan or necessary to implement the Plan, shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby; and

(iv) The Confirmation Order shall have become a Final Order.

J. Modification of the Plan

Subject to the restrictions on Plan modifications set forth in section 1127 of the Bankruptcy Code, Debtor reserves the right to alter, amend or modify the Plan before its substantial consummation.

K. Revocation of the Plan

Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If Debtor revokes or withdraws the Plan, or if Confirmation does not occur or if the Plan does not become effective, then the Plan shall be null and void, and nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, Debtor; (b) constitute an admission of any fact or legal conclusion by Debtor or any other Entity; or (c) prejudice in any manner the rights of Debtor in any further proceedings involving Debtor.

L. Effect of Confirmation

Pursuant to sections 105(a) and 1142 of the Bankruptcy code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including among other things, jurisdiction over the subject matters set forth in Article 13 of the Plan.

Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any Holder of a Claim against or Interest in Debtor, and its respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

M. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order, the occurrence of the Effective Date, and the transfer of the Available Cash to the Plan Administrator, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case after the Effective Date to the fullest extent legally permissible, including jurisdiction to, among other things:

- (i) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Expense Claim and the resolution of any and all objections to the allowance or priority of all Claims;
- (ii) Hear and determine any and all Avoidance Actions and Causes of Action against any Person and rights of Debtor that arose before or after the Petition Date, including, but not limited to, the rights and powers of a trustee and debtor-in-possession, against any Person whatsoever, including, but not limited to, all avoidance powers granted to Debtor under the Bankruptcy Code and all causes of action and remedies granted pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547 through 551 and 553 of the Bankruptcy Code, and also with respect to claims Debtor has or may have against third parties including Debtor's former officers and directors in connection with or related to the ZBA system previously employed by Debtor, Affiliated Debtors and non-Debtor affiliates;
- (iii) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan;
- (iv) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which Debtor is a party or with respect to which Debtor may be liable, including, without limitation, the determination of whether such contract is executory for the purposes of section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;
- (vi) Enter orders approving the Plan Administrator's disposition of the Available Cash;

- (vii) Ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- (viii) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving Debtor that may be pending in the Chapter 11 Case on the Effective Date;
- (ix) Hear and determine matters concerning state, local or federal taxes in accordance with sections 346, 505 or 1146 of the Bankruptcy Code;
- (x) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and the Confirmation Order;
- (xi) Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or the Confirmation Order;
- (xii) Permit Debtor, to the extent authorized pursuant to section 1127 of the Bankruptcy Code, to modify the Plan or any agreement or document created in connection with the Plan, or remedy any defect or omission or reconcile any inconsistency in the Plan or any agreement or document created in connection with the Plan;
- (xiii) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;
- (xiv) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or distributions pursuant to the Plan are enjoined or stayed;
- (xv) Determine any other matters that may arise in connection with or relating to the Plan or any agreement or the Confirmation Order;
- (xvi) Enter any orders in aid of prior orders of the Bankruptcy Court; and
- (xvii) Enter a final decree closing the Chapter 11 Case.

N. Treatment of Executory Contracts and Unexpired Leases

On the Effective Date, all executory contracts and unexpired leases that exist between Debtor and any Entity which (i) have not previously been assumed and assigned to Hediger pursuant to the terms of the Sale Order, or (ii) are not the subject of pending motions to assume, assume and assign or reject as of the Confirmation Date, shall be deemed rejected in accordance with the provisions and requirements of section 365(a) of the Bankruptcy Code;¹⁷ provided however, that the executory contracts and unexpired leases identified in **Exhibit B** to this Disclosure Statement shall not be deemed rejected by entry of the Confirmation Order but instead will be assumed by Debtor (collectively, the “*Excepted Contracts and Leases*”). **Exhibit B** identifies the cure amount, if any, required by section 365(b) of the Bankruptcy Code for assumption of the Excepted Contracts and Leases. All cure payments which may be required to be made by Debtor under section 365(b)(1) of the Bankruptcy Code in connection with the assumptions listed on **Exhibit B** shall be made on the Effective Date. In the event of a dispute regarding the need for and/or amount of any such cure payments, the ability of Debtor to provide adequate assurance of future performance, or any other matter relating to such assumption, Debtor shall make such cure payments in accordance with a Final Order of the Bankruptcy Court. The Plan and this Disclosure Statement shall constitute a motion for approval of the assumption of the Excepted Contracts and Leases pursuant to section 365(a) of the Bankruptcy Code which authorizes the assumption of executory contracts and unexpired leases in the business judgment of a trustee or debtor in possession. See In re Diamond Mfg. Co., Inc., 164 B.R. 189, 199 (Bankr. S.D. Ga. 1994) (citing In re Gardinier, Inc., 831 F.2d 974, 975 n.2 (11th Cir. 1987)). The Plan Administrator believes, in the exercise of his business judgment, that it will be beneficial to the estate to assume the Excepted Contracts and Leases to facilitate liquidation of Debtor. The Confirmation Order (except as otherwise provided herein) shall constitute an order of the Bankruptcy Court pursuant to section 365(a) of the Bankruptcy Code, effective as of the Effective Date, approving assumptions and rejections contemplated herein and the Plan. The listing of a contract or lease to be assumed pursuant to this Section 7.1 shall not constitute an admission by Debtor that such contract or lease is an executory contract or unexpired lease or that Debtor has any liability thereunder.

¹⁷ One of the executory contracts to be rejected through confirmation by MPI is that certain Chief Restructuring Engagement Letter Agreement dated March 2, 2009, as amended, by and between GlassRatner Advisory Capital Group, LLC and MPI and its affiliates (the “*CRO Eng. Letter Agmt.*”); provided, however, that the CRO Eng. Letter Agmt. will continue to be in full force and effect with respect to the non-Debtor affiliates of MPI as to which Mr. Glass has not previously resigned as CRO.

Proofs of Claim for alleged damages arising from the rejection pursuant to the Plan, the Confirmation Order or any subsequent Order of the Bankruptcy Court, of any executory contract or any unexpired lease shall be Filed with the Bankruptcy Court and served on counsel for Debtor or the Plan Administrator not later than thirty (30) days after the service of the earlier of: (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected (including service of an Order of the Bankruptcy Court providing for such rejection). Any Holder of a Claim arising from the rejection of any executory contract or any unexpired lease that fails to File a Proof of Claim on or before the date specified in this paragraph shall be forever barred, estopped and enjoined from asserting such Claims in any manner against Debtor (or Filing Proofs of Claim with respect thereof) or its Estate, and Debtor shall be forever discharged from all indebtedness or liability with respect to such Claims, and, if applicable, such Holders shall not be permitted to vote on the Plan or to participate in any distribution in the Chapter 11 Case on account of such Claims or to receive further notices regarding such Claims and shall be bound by the terms of the Plan.

The Bankruptcy Court shall determine any Objections to any Proofs of Claim Filed in accordance with Section 9.1 of the Plan at a hearing to be held at a date to be determined by the Bankruptcy Court. Unsecured Claims arising out of the rejection of executory contracts and unexpired leases shall, pursuant to section 502(g) of the Bankruptcy Code, be Allowed Class 2 Claims entitled to the same treatment under the Plan received by the other Allowed Class 2 Claims.

Except and to the extent previously assumed by an order of the Bankruptcy Court on or before the Confirmation Date, all employee compensation and benefit programs of Debtor, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Petition Date and not since terminated, shall be deemed to be rejected as of the date the Confirmation Order becomes a Final Order. In this regard, MPI prior to the Effective Date or the Plan Administrator within ten (10) days after the Effective Date will give written notice to all participants, including former employees of MPI who, as of the Effective Date, are COBRA (Consolidated Omnibus Reconciliation Act) plan participants of the termination of the continued medical benefits plan.

Notwithstanding anything in Article VII of the Plan to the contrary, unless assumed by Hediger pursuant to the Sale Order, all employment and/or compensation agreements between Debtor and any employees shall be deemed rejected in accordance with the provisions and requirements of section 365 of the Bankruptcy Code; provided however, that Orders that as of the filing of the Plan and Disclosure Statement (Doc. No. 851) have or will be entered by the Bankruptcy Court resulting from the *Motion for Approval of Incentive-Based and Severance Agreement for Certain Employees* (Doc. No. 780), shall be excluded from the scope of any rejection of employment contracts and/or compensation agreements as contemplated herein and as by subsection 7.5 of the Plan.

Specifically, by Order dated December 6, 2010 (Doc. No. 866), the Bankruptcy Court approved a severance payment to Mr. Mauck, in the amount of \$26,923.08 to be made on the ending of his employment by MPI. The Bankruptcy Court has taken under advisement the issue of whether Mr. Mauck should be paid an additional, approximate \$26,000, a payment that is the subject of an Objection by the United States Trustee (Doc. No. 829). An Order authorizing this additional payment to Mr. Mauck would also be excluded from the scope of any rejection of employment contracts and/or compensation agreements as contemplated herein and as by subsection 7.5 of the Plan. Likewise, any final compensation due to be made to CFO James L. Mauck, Jr., Melissa Barras and Mark Gordon through the Effective Date shall be excluded from the scope of any rejection of employment contracts and/or compensation agreements as contemplated herein and as by subsection 7.5 of the Plan.

O. Preservation of Rights of Setoffs

Debtor, through the Plan Administrator, may, but shall not be required to, set off against any Claim, including any Claim held by MDG, and the payment or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that Debtor may have against the Holder of such Claims; but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by Debtor of any such claim that Debtor may have against such Holder.

P. Exculpations, Releases and Injunctions

Exculpations. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, Debtor, Interim CEO Ronald L. Glass, CFO James L. Mauck, Jr. and Debtor's general bankruptcy counsel -- Berger Singerman, P.A. and Foltz Martin, LLC and each of their respective employees (collectively, the "*Exculpated Parties*"), shall be deemed to have been released by all holders of Claims or Interests, of and from any Claims, obligations, rights, causes of action and liabilities for any act or omission occurring from and after the Petition Date in connection with, or arising out of, this Chapter 11 Case, including, without limiting the generality of the foregoing, any sales of assets of some or all of Debtor's Estate, the negotiation of the terms of the Plan and the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan, and the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute bad faith, willful misconduct, self-dealing, breach of fiduciary duty, or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code. Notwithstanding anything herein to the contrary, the exculpations and releases provided for herein shall not apply to any acts or omissions that occurred prior to the Petition Date, and for the avoidance of doubt,

the defined term “Exculpated Parties” does not include Daniel J. Miles or his Chapter 7 bankruptcy estate, Case No. 09-92601-MHM, which case is also pending before the Bankruptcy Court, Franco Rizzolo and any “insider” of Debtor (other than Ronald L. Glass and James L. Mauck, Jr., above) as that term is defined in section 101(31)(B) of the Bankruptcy Code.

Releases. As of the Effective Date, in return for Wells Fargo’s and Redus’ agreement to reduce the total amount of their claims from approximately \$82 million to \$17 million as discussed in section 9.2 of the Plan and in Article II(D), above, Debtor, through the Confirmation Order, shall release Wells Fargo and Redus from any and all claims, including but not limited to Avoidance Actions or Causes of Action, that could have been brought against Wells Fargo and Redus by Debtor (prior to the Effective Date) or the Plan Administrator (from and after the Effective Date). Debtor will not object to the Claims asserted by Wells Fargo and Redus, as voluntarily reduced, and those Claims shall be allowed in the following amounts: Claim No. 179 filed by Wells Fargo [To be allowed in the amount of \$1,875,000]; (ii) Claim No. 181 filed by Wells Fargo [To be allowed in the amount of \$3,600,000]; (iii) Claim No. 196 filed by Wells Fargo [To be allowed in the amount of \$275,000]; (iv) Claim No. 202 filed by Wells Fargo [To be allowed in the amount of \$250,000; and Claim No. 206 filed by Redus [To be allowed in the amount of \$11,000,000].

Injunctions. As of the Confirmation Date, except as otherwise provided in the Plan or the Confirmation Order, any Persons that have held, currently hold, or may hold a Claim, Interest, or other debt or liability that is treated pursuant to the terms of the Plan are enjoined from taking any of the following actions on account of any such Claims, Interests, debts, or liabilities, other than actions brought to enforce any rights or obligations under the Plan, against Debtor or property of Debtor’s Estate, the Plan Administrator (or any of the foregoing parties’ respective affiliates): (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a setoff or right of recoupment of any kind against any debt, liability, or obligation; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Notwithstanding the foregoing, the Plan does not release, impair, waive, or serve as any impediment whatsoever of the prosecution of the Avoidance Actions and Causes of Action.

V. CONFIRMATION OF THE PLAN

A. Confirmation Hearing

The Bankruptcy Court has scheduled the Confirmation Hearing for confirmation of the Plan for _____ at _____.m. (prevailing Eastern time) before the Honorable Margaret H. Murphy, Bankruptcy Judge for the Northern District of Georgia, Atlanta Division, located at 1340 U.S. Courthouse, 75 Spring Street, S.W., Atlanta, Georgia 30303-3367. The Confirmation Hearing may be adjourned from time to time without notice except as given at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to the confirmation of the Plan be served on or before _____ at _____.m. (prevailing Eastern time) in the manner prescribed in the Notice accompanying this Disclosure Statement.

B. Confirmation Standards

For a plan to be confirmed, the Bankruptcy Court requires, among other things, that a plan be proposed in good faith and comply with the applicable provisions of chapter 11 of the Bankruptcy Code. Section 1129 of the Bankruptcy Code also imposes requirements that at least one class of impaired claims accept a plan, that confirmation of a plan is not likely to be followed by the need for further financial reorganization, that a plan be in the best interest of creditors, and that a plan be fair and equitable with respect to each class of claims or interests which is impaired under the plan.

The Bankruptcy Court will confirm a plan only if it finds that all of the requirements enumerated in section 1129 of the Bankruptcy Code have been met. Debtor believes that the Plan satisfies all of the requirements for confirmation.

C. Funding of the Plan

The Plan will be funded by Available Cash, including but not limited to, Fee-Based Payments from Hediger and proceeds of Avoidance Actions and Causes of Action.

D. Potential Avoidance Actions and Causes of Action; Preservation of Avoidance Actions and Causes of Action

i. *Potential Bankruptcy Avoidance Actions*

Debtor's Avoidance Actions, if any, will be pursued by Debtor prior to the Effective Date and by the Plan Administrator after the Effective Date. Proceeds of the Avoidance Actions will be used to make Distributions under the Plan, including to holders of Allowed Claims. Debtor's Avoidance of Actions, if any, are each preserved herein and pursuant to Section 8.1 of the Plan. Included in the Avoidance Actions that

Debtor may have under state and other federal laws and pursuant to Section 541 of the Bankruptcy Code are causes of action that allow a debtor to recover transfers it has made prior to its bankruptcy filing. The most common such causes of action are those to recover preferences and fraudulent transfers.

ii. *Preference Actions*

Under Sections 547 and 550 of the Bankruptcy Code, a debtor may seek to avoid and recover certain payments made by the debtor to or for the benefit of a creditor, within the ninety days prior to the petition date, in respect of an antecedent debt if such transfer was made when the debtor was insolvent. Transfers made to a creditor that was an “insider” of the debtor are subject to these provisions if the payment was made within one year of a debtor’s filing of a petition under Chapter 11. Under Section 547, certain defenses, in addition to the solvency of the debtor at the time of the transfer, are available to a creditor from which a preference recovery is sought. Among other defenses, a debtor may not recover a payment to the extent such creditor subsequently gave new value to the debtor for which the creditor was not paid pursuant to a payment that is not otherwise avoidable. A debtor may not recover a payment to the extent such payment was part of a substantially contemporaneous exchange between the debtor and the creditor. Further, a debtor may not recover a payment if such payment was made in the ordinary course of business of both the debtor and the creditor. The debtor has the initial burden of proof in demonstrating the existence of all the elements of a preference, although there is a rebuttable presumption that the debtor was insolvent during the ninety days prior to the commencement of its bankruptcy case. The creditor has the initial burden of proof as to the foregoing defenses.

iii. *Fraudulent Conveyances and Transfers*

Under Sections 548 and 550 of the Bankruptcy Code and under state law made applicable in bankruptcy cases by Section 544(b) of the Bankruptcy Code, a debtor in possession or a trustee in bankruptcy, if a trustee is appointed or elected, may recover a transfer of property if the transfer was made while the debtor was insolvent, was unable to pay its debts as they mature, or has unreasonably small capital if, or to the extent, the debtor received less than reasonably equivalent consideration or fair value for such property and may recover a transfer made by the debtor with actual intent to hinder, delay or defraud its creditors. Such rights of the debtor or trustee preclude any creditor as to whom a transfer was also fraudulent from pursuing a similar action unless the trustee declines to bring such action or to administer such claim. Section 548 of the Bankruptcy Code applies to transfers made during the two years prior to the Petition Date. Various State laws may provide a considerably longer period of up to six years within which such action may be brought.

iv. *Analysis; Preservation of Claims and Avoidance Actions*

With one exception, Debtor has not yet conducted an analysis of potential Avoidance Actions or Causes of Action which Debtor or its Estate may assert under Sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code or under other similar, related or applicable state or federal statutes or common law. While no analysis has been made of potential preference Avoidance Actions that might be asserted pursuant to Section 547(b) of the Bankruptcy Code, Debtor attaches hereto as **Exhibit C** and incorporates herein a list of all transfers made by MPI to third parties within the ninety (90) day period preceding the Petition Date over \$5,475.00 in the aggregate to each transferee; provided however, this list does not include transfers made to Ronald L. Glass, in his then capacity as Chief Restructuring Officer, GlassRatner, Berger Singerman and Foltz Martin. Because Debtor has yet to conduct an analysis of the potential for recovery of these payments, Debtor cannot estimate the amount of any potential recovery, if any, from litigation surrounding such payments. The same analysis applies to potential fraudulent conveyance actions. Debtor and/or the Plan Administrator will review potential preferential and fraudulent transfers and determine whether and which transfers will be pursued in future litigation.

THE SCHEDULE OF POTENTIAL PREFERENCE PAYMENTS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT C IS NON-EXHAUSTIVE AND MEANT TO BE ILLUSTRATIVE AND SHALL NOT PRECLUDE DEBTOR, THE ESTATE, THE PLAN ADMINISTRATOR OR ANY OTHER AUTHORIZED PERSON OR ENTITY FROM PURSUING OTHER AND ADDITIONAL AVOIDANCE ACTIONS. DEBTOR HAS EXCLUDED PAYMENTS TO RONALD L. GLASS, IN HIS THEN-CAPACITY AS CHIEF RESTRUCTURING OFFICER, GLASSRATNER ADVISORY & CAPITAL GROUP, LLC, AND OTHER PRE-PETITION DATE PROFESSIONALS, INCLUDING DEBTOR'S COUNSEL, BERGER SINGerman, P.A. AND FOLTZ MARTIN, LLP.

Section 8.1 of the Plan provides, in part, that, Avoidance Actions and Causes of Action are hereby preserved and retained for enforcement solely and exclusively and in the discretion of the Plan Administrator and are vested in the Plan Administrator on the Effective Date, who shall be designated as the representative of Debtor's Estate pursuant to 11 U.S.C. § 1123(b)(3)(B). The Plan Administrator shall, therefore, have the right to prepare, file, pursue, prosecute and settle the Avoidance Actions and Causes of Action, whether or not such Avoidance Actions or Causes of Action have been asserted or commenced as of the Effective Date, as a representative of the estate pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code appointed for such purpose for the benefit of holders of Allowed Claims.

To the extent that certain Avoidance Actions or Causes of Action are filed by Debtor and are not resolved prior to the Effective Date, such Avoidance Actions or Causes of Action will be transferred to and vest in Debtor under the control of the Plan Administrator pursuant to the terms of the Plan.

The Avoidance Actions include specifically, but without limitation, the following:¹⁸

a. Any and all claims and causes of action under state or federal law against any and all of the members, managers, shareholders, principals, employees, agents and affiliates of, and professionals employed by, Debtor and of any affiliates of Debtor, including without limitation, in any way related to, including providing aid and assistance in connection with: (i) the operation, management, funding and fund raising of Debtor, including without limitation, breach of fiduciary duty, negligence, negligent management, fraud, civil theft, civil RICO or conspiracy, conversion, alter ego, misrepresentation, professional malpractice, corporate advantage, theft of corporate opportunities, wasting of corporate assets, equitable subordination of claims, breach of contract and federal or state statutory claims (including securities laws violations), as well as aiding and abetting any of the above; (ii) the sale, transfer, exchange or disposition of any property of Debtor or any of their respective affiliates, or any preferred stock, common stock or equity or similar interest or securities therein, either prior to or after the Petition Date; or (iii) the conversion, misappropriation or misapplication of property of Debtor or any of their respective affiliates or any products or proceeds therefrom.

b. Any and all claims and causes of action, including Avoidance Actions and Causes of Action, under state or federal law, including federal or state securities laws, against those persons or entities, who participated or had any involvement in, as transferor, transferee, recipient or otherwise, related to the sale, transfer, exchange or disposition of any property of Debtors or any of their respective affiliates, any preferred stock, common stock, or equity or similar interests or securities in Debtors or any of their respective affiliates or the products or proceeds thereof, including without limitation, under and pursuant to state preference and fraudulent conveyance laws and Sections 542 through 550 of the Bankruptcy Code, and any fraudulent transfer claims against James Miles for receipt of monies in the form of compensation from Debtor as a purported employee of MPI.

¹⁸Notwithstanding the specificity of the claims described in this Disclosure Statement, nothing in the Plan or this Disclosure Statement will limit or restrict in any way the rights of the Plan Administrator in connection with pursuing any and all Avoidance Actions and Causes of Action, and pursuant to the terms of the Plan.

c. Any and all claims and Causes of Action involving or in any way related to the collection of accounts receivables, notes receivables, loans receivables or other receivables owed to Debtor.

d. Any and all claims and Causes of Action seeking to subordinate, equitably or otherwise Claims filed against the Debtor's Estate, or to re-characterize such Claims as equity Interests in Debtor.

Causes of Action include specifically, but without limitation, the following: Any claims or causes of action not included among the claims comprising Avoidance Actions, including, but not limited to, claims or Causes of Actions against former directors and officers,¹⁹ including Daniel J. Miles or his bankruptcy estate, Case No. 09-92601-MHM, but excluding Ronald L. Glass, Debtors' Interim Chief Executive Officer, and James L. Mauck, Jr., Miles Properties, Inc.'s Chief Financial Officer, as well as claims and demands to be made by the Plan Administrator on behalf of MPI creditors and the ZBA Net Lenders upon Travelers Casualty and Surety Company of America under the D&O Policy, in any way related to providing aid and assistance in connection with: (i) the operation, management, funding and fund raising of Debtor, including without limitation, breach of fiduciary duty, negligence, negligent management, fraud, civil theft, civil RICO or conspiracy, conversion, alter ego, misrepresentation, professional malpractice, corporate advantage, theft of corporate opportunities, wasting of corporate assets, equitable subordination of claims, breach of contract and federal or state statutory claims (including securities laws violations), as well as aiding and abetting any of the above; (ii) the sale, transfer, exchange or disposition of any property of Debtor or any of their respective affiliates, or any preferred stock, common stock or equity or similar interest or securities therein, either prior to or after the Petition Date; (iii) the conversion, misappropriation or misapplication of property of Debtors or any of their respective affiliates or any products or proceeds therefrom; and (iv) concerning the ZBA.

For the avoidance of doubt, included within Causes of Action are claims that have been and/or can be asserted in connection with the ZBA against one or more third parties, including former officers or directors of MPI and any other Debtor or affiliated entity (*other than* Ronald L. Glass, individually or in his capacity as Chief Restructuring Officer or Interim Chief Executive Officer, or James L. Mauck, Jr., individually or in his capacity as MPI's Chief Financial Officer), as well as claims and demands to be made by the Plan Administrator on behalf of MPI creditors and the ZBA Net Lenders upon Travelers Casualty and Surety Company of America under the D&O Policy . See Article III(F)(viii), above. Also included within Causes of Action are claims based upon federal

¹⁹All such claims and causes of action shall include and encompass, without limitation, any and all claims, including bad faith claims, under any policies of insurance maintained by Debtor applicable to such claims and causes of action, including, without limitation, any directors' and officers' liability insurance policies.

law to recharacterize from debt to equity each of the Claims based upon the Mezz Notes. See Article I(D), above. Any and all of the foregoing Avoidance Actions and Causes of Action shall, on the Effective Date, vest in the Plan Administrator free and clear of any liens, claims or encumbrances of any nature or kind whatsoever. All Avoidance Actions, including potential preference claims against the third parties identified in **Exhibit C**, and Causes of Action, including those against third parties, including former officers or directors of MPI and any other Debtor or affiliated entity (*other than* Ronald L. Glass, individually or in his capacity as Chief Restructuring Officer or Interim Chief Executive Officer, or James L. Mauck, Jr., individually or in his capacity as MPI's Chief Financial Officer) based upon the ZBA are expressly preserved for prosecution by Debtor up to the Effective Date and from and after the Effective Date by the Plan Administrator.

In addition to the above, there may be claims and Causes of Action which currently exist or may subsequently arise that are not set forth specifically herein because the facts upon which such claims and Causes of Action rest are not fully or currently known by Debtor. The failure to list any such claims or Causes of Action is not intended to limit the rights of the Plan Administrator to pursue Avoidance Actions and Causes of Action at such time as the facts giving rise thereto become fully known.

Unless any of the above described claims, Avoidance Actions and Causes of Action are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or by Final Order of the Bankruptcy Court, all claims, Avoidance Actions and Causes of Action are expressly reserved and preserved for later adjudication and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims and causes of action upon or after confirmation or consummation of the Plan.

Furthermore, notwithstanding any provision or interpretation to the contrary, nothing in the Plan or the Confirmation Order, including the entry thereof, shall be deemed to constitute a release, waiver, impediment, relinquishment or bar, in whole or in part, of or to any recovery rights or any other claim, right, Avoidance Action or Cause of Action possessed by Debtor or Debtor's Estate prior to the Effective Date.

ANY CREDITOR OR PARTY IN INTEREST VOTING ON THE PLAN SHOULD ASSUME IN CONNECTION WITH SUCH VOTE THAT AVOIDANCE ACTIONS AND CAUSES OF ACTIONS EXIST AGAINST SUCH CREDITOR OR PARTY IN INTEREST, AND THAT THE PLAN ADMINISTRATOR INTENDS TO AND SHALL PURSUE SUCH AVOIDANCE ACTIONS AND CAUSES OF ACTION.

E. Feasibility

Under section 1129(a)(11) of the Bankruptcy Code, Debtor must show that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of Debtor or any successor to Debtor (unless such liquidation or reorganization is proposed in the Plan). The Bankruptcy Code does not require a guarantee of a successful reorganization, only that Debtor can realistically carry out the provisions of the Plan and that the Plan offers a reasonable prospect of success. In the Matter of IPC Atlantic Ltd. P'ship, 142 B.R. 547, 559-60 (Bankr. N.D. Ga. 1992). The Plan complies with this requirement because (A) Debtor will use (i) Available Cash, including but not limited to Fee-Based Payments from Hediger and proceeds of Avoidance Actions and Causes of Action, including settlements thereof, to (a) fund its wind-down and prosecution of Avoidance Actions and Causes of Action, and (b) all of the Post Confirmation Debtor Assets, including Avoidance Actions and Causes of Action, shall vest in the Plan Administrator for the exclusive benefit of all Holders of Allowed Claims under the Plan pursuant to and in accordance with the terms of section 1123(b)(3)(B) of the Bankruptcy Code or otherwise. As reflected in the Liquidation Analysis attached hereto as Exhibit D, the cash or property that is and will be made available to the Plan Administrator is sufficient to meet all obligations set forth in this Disclosure Statement and the accompanying Plan. There is approximately \$110,000 owed to MPI by five non-Debtor affiliates for payroll and management fees: Of that amount MPI believes that it (i) will be able to collect at least approximately \$52,000 from three non-Debtor affiliates but (ii) may not be able to collect 100% of the remaining approximate \$58,000 due from non-Debtor affiliates MPI Woodland View, LLC and MPI Coventry Village, LLC based upon their poor cash flow performance. The attached Liquidation Analysis contemplates receipt of the referenced \$52,000 but not the referenced \$58,000. MPI reserves the right to amend the Liquidation analysis prior to the Confirmation Hearing, if and as necessary. Provided the Plan is confirmed and consummated, and based upon the expected Fee-Based Payments to be received post-Effective Date, confirmation of the Plan is not likely to be followed by the liquidation, or the need for a future reorganization or liquidation, and the Plan offers more than a reasonable prospect of success. *See id.*; 11 U.S.C. § 1129(a)(11).

F. Risk Factors Associated with the Plan

Risk factors include (i) the reduction of the Fee-Based Payments from Hediger, alluded to in Article III(F)(vi), above, either 1) due to Hediger being terminated as property manager as related to one or more Management Contracts, and 2) a reduction in revenues at the Properties, which, in turn, reduces management fees earned. Also, there is a risk of collection with respect to the \$52,000 alluded to in footnote 9 and section E, above, in respect of certain properties owned by three non-Debtor affiliates. More generally, holders of Claims against Debtor should read and consider carefully the information set forth below, as well as the other information set forth in this Disclosure

Statement (and the documents delivered together herewith and/or incorporated by reference), prior to voting to accept or reject the Plan. This information, however, should not be regarded as the only risk involved in connection with the Plan and its implementation.

VI. ALTERNATIVES TO THE PLAN

Although this Disclosure Statement is intended to provide information to assist a Claim Holder in determining whether to vote for or against the Plan, a summary of alternatives to confirmation of the Plan may be helpful.

If the Plan is not confirmed with respect to Debtor, the following alternatives are available: (a) conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code; or (b) dismissal of the Chapter 11 Case leaving creditors and interest holders to pursue available non-bankruptcy remedies. These alternatives to the Plan are very limited and not likely to benefit creditors. The most likely result if the Plan was not confirmed is that the Chapter 11 Case would be converted to a case under chapter 7 of the Bankruptcy Code. Debtor believes that conversion of the Chapter 11 Case to a chapter 7 case would result in (i) significant delay in distributions to all creditors who could have received a distribution under the Plan and (ii) significantly diminished recoveries for Holders of Allowed Unsecured Claims. If the Chapter 11 Case is dismissed, creditors would be free to pursue nonbankruptcy remedies in their attempts to satisfy claims against Debtor. However, in that event, creditors would be faced with the costs and difficulties of attempting, each on its own, to collection claims from non-operating entities.

VII. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

A. In General

The following discussion summarizes certain material U.S. federal income tax consequences expected to result from the consummation of the Plan. This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the “*IRC*”), applicable Treasury Regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service.(the “*Service*”). There can be no assurance that the Service will not take a contrary view, no ruling from the Service has been or will be sought nor will any counsel provide a legal opinion as to any of the expected tax consequences set forth below.

Legislative, judicial or administrative changes or interpretations may be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences to the beneficial owners of Claims (each a “*Holder*” and collectively,

the “**Holders**”) of Claims or the Debtors. It cannot be predicted at this time whether any tax legislation will be enacted or, if enacted, whether any tax law changes contained therein would affect the tax consequences described herein,

The following summary is for general information only. The tax treatment of a Holder may vary depending upon such Holder’s particular situation. This summary does not address all of the tax consequences that may be relevant to a Holder, including any alternative minimum tax consequences and does not address the tax consequences to a Holder that has made an agreement to resolve its claim in a manner not explicitly provided for in the Plan. This summary also does not address the U.S. federal income tax consequences to persons not entitled to vote on the Plan or Holders subject to special treatment under the U.S. federal income tax laws, such as brokers or dealers in securities or currencies, certain securities traders, tax-exempt entities, financial institutions, insurance companies, foreign persons, partnerships and other pass-through entities, Holders that hold Claims as a position in a “straddle” or as part of a “synthetic security,” “hedging,” “conversion” or other integrated transaction, Holders that have a “functional currency” other than the United States dollar and Holders that have acquired Claims in connection with the performance of services. The following summary assumes that the Claims are held by Holders as “capital assets” within the meaning of Section 1221 of the IRC and that all Claims denominated as indebtedness are properly treated as debt for U.S. federal income tax purposes.

The tax treatment of Holders and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the distributions provided for by the Plan may vary, depending upon, among other things: (i) whether the Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) the type of consideration received by the Holder in exchange for the Claim and whether the Holder receives distributions under the Plan in more than one taxable year; (iii) whether the Holder is a citizen or resident of the United States for tax purposes, is otherwise subject to U.S. federal income tax on a net basis, or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above; (iv) the manner in which the Holder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (viii) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the Holder; (x) whether the Claim is an installment obligation for U.S. federal income tax purposes; and (xi) whether the “market discount” rules are applicable to the Holder. Therefore, each Holder should consult its tax advisor for information that may be relevant to its particular situation and circumstances, and the particular tax consequences to such Holder of the transactions contemplated by the Plan.

THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, EACH HOLDER IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, TAXPAYERS ARE HEREBY NOTIFIED THAT (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A TAXPAYER UNDER THE INTERNAL REVENUE CODE, (B) ANY SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN, AND (C) TAXPAYERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

B. U.S. Federal Income Tax Consequences to Debtor

If there is a discharge of a debt obligation by a debtor (in the case of indebtedness with multiple obligors, indebtedness that is allocable to such debtor) for an amount less than the adjusted issue price (in most cases, the amount the debtor received on incurring the obligation, with certain adjustments), such discharge generally would give rise to cancellation of debt ("**COD**") income, which must be included in the debtor's income. However, Debtor should be able to utilize a special tax provision which excludes from income debts discharged in a chapter 11 case (the "**Bankruptcy Exception**").

Under Section 108(b) of the IRC and Treasury Regulations that apply to members of a consolidated group, if Debtor that does not recognize COD income under the Bankruptcy Exception it will be required to reduce certain tax attributes, including consolidated attributes, such as consolidated net operating losses and net operating loss carry forwards (and certain other losses, credits and carry forwards, if any), attributable to Debtor, attributes that arose in separate return limitation years of Debtor (if any), and Debtor's tax basis in its assets (but not below the amount of its liabilities remaining immediately after the discharge of indebtedness), in an amount generally equal to the amount of Debtor's COD income excluded from income under the Bankruptcy

Exception. A “look-through rule” applies when asset basis reduction reduces the basis of stock of another member of the consolidated group and requires corresponding adjustments to be made to the attributes attributable to the lower-tier member.

As a result of the required attribute reduction resulting from the discharge of indebtedness, Debtor believes that a significant portion of NOLs (and alternative minimum tax NOLs) of Debtor will be eliminated after consummation of the Plan. Because Debtor is liquidating rather than continuing to operate in reorganized form, and because substantially all of Debtors’ assets were sold to Hediger, any remaining NOLs allocable to Debtor are not expected to have material value.

The sale to Hediger and the liquidation of Debtor may trigger income or gain recognition by Debtor. However, Debtors’ existing NOLs and capital losses (prior to being reduced as a result of any attribute reduction) should generally first be available to offset any such income or gain (with any capital losses available to only offset capital gains). Based on the amount of the Debtor’s NOLs, Debtor does not anticipate owing regular U.S. federal income tax with respect to taxable years ending after the Petition Date. If, however, the Service were to prevail in assessing U.S. federal income tax for any of these years or for tax years ending prior to the Petition Date, payments of such taxes could reduce the amounts otherwise available for distribution under the Plan.

A corporation or a consolidated group of corporations may incur alternative minimum tax (“**AMT**”) liability even where a NOL is generated for regular corporate income tax purposes or where NOL carryovers and certain other tax attributes are sufficient to eliminate taxable income as computed under the regular corporate income tax. In general, the AMT is imposed on a corporation’s alternative minimum taxable income at a twenty percent (20%) rate to the extent such tax exceeds the corporation’s regular U.S. federal income tax. For purposes of computing taxable income for AMT purposes, certain tax deductions and other beneficial allowances allowed in computing a corporation’s regular U.S. federal income tax are modified or eliminated. In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carry forwards, a portion of a corporation’s taxable income for AMT purposes may not be offset by available NOL carry forwards (as computed for AMT purposes). Although it is possible that the Debtors could be liable for the AMT, at this time Debtor does not expect to incur a material amount of AMT,

C. U.S. Federal Income Tax Consequences to Holders of Claims

The U.S. federal income tax consequences of the implementation of the Plan to the Claimants, typical of the holders of Claims and Interests who are entitled to vote to confirm or reject the Plan, will depend on a number of factors, including (i) whether the Claim constitutes a “security” for U.S. federal income tax purposes, (ii) the nature and origin of the Claim, (iii) the manner in which the holder acquired the Claim, (iv) the

length of time the Claim has been held, (v) whether the Claim was acquired at a discount, (vi) whether the holder has taken a bad debt deduction or loss with respect to the Claim (or any portion thereof) in the current year or in any prior year, (vii) whether the holder has previously included in its taxable income accrued but unpaid interest with respect to the Claim; (viii) the holder's method of tax accounting, (ix) whether the Claim is an installment obligation for U.S. federal income tax purposes, and (x) the timing of any distributions under the Plan.

(i) Gain or Loss Recognition on the Satisfaction of Claims and Character of Gain or Loss

Claimants will generally not recognize gain, but may recognize loss, with respect to the amount in which the Claimants receive on their Claims (generally, the amount of cash and the fair market value of any other property received in satisfaction of Debtor's obligations) that either exceeds, on one hand, or is less than, on the other hand, the Claimant's basis in the Claim. Thus, it is possible that certain Claimants may recognize a gain or loss as a result of distributions under the Plan.

In general, gain or loss is recognized by any such Claimant is either capital or ordinary in character. The character is dependent upon the underlying nature of the Claim and whether such Claim, in the hands of the Claimant, constitutes a capital asset. To the extent that a debt instrument is acquired after its original issuance for less than the issue price of such instrument, it will have market discount. A holder of a Claim with market discount must treat any gain recognized on the satisfaction of such Claim as ordinary income to the extent that it does not exceed the market discount that has already been accrued with respect to such Claim. There may also be state, local or foreign tax considerations applicable to particular holders of Claims, none of which are discussed herein. **Claimants should consult their own tax advisors for information that may be relevant to their particular situations and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.**

(ii) Interest Income with respect to Allowed Claims

Holders of Allowed Claims will be treated as receiving a payment of interest (includible in income in accordance with the Holder's method of accounting for tax purposes) to the extent that any cash or other property received (or deemed received) pursuant to the Plan is attributable to accrued but unpaid interest, if any, on such Allowed Claims. The extent to which the receipt of cash or other property should be attributable to accrued but unpaid interest is unclear. The Plan Administrator intends to take the position, and the Plan provides, that such cash or property distributed pursuant to the Plan will first be allocable to the principal amount of an Allowed Claim and then, to the extent necessary, to any accrued but unpaid interest thereon. Each Holder should consult its tax advisor regarding the determination of the amount of consideration received under the

Plan that is attributable to interest (if any). A Holder generally will be entitled to recognize a loss to the extent any accrued interest was previously included in its gross income and is not paid in full.

(iii) Backup Withholding and Information Reporting

Certain payments, including payments in respect of accrued interest or market discount, are generally subject to information reporting by the payor to the IRS. Moreover, such reportable payments may be subject to backup withholding. Under the Tax Code's backup withholding rules, a U.S. Claimant may be subject to backup withholding at the applicable rate with respect to certain distributions or payments pursuant to the Plan, unless the Claimant: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (ii) provides a correct U.S. taxpayer identification number and certifies under penalty of perjury that the holder is a U.S. person, the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Payments made to Foreign Claimants, if any, may also be subject to withholding, which may be reduced under an applicable Treaty.

Backup withholding is not an additional tax,. Amounts withheld under the backup withholding rules may be credited against a holder's U. S. federal income tax liability, and a the Claimant may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

THE FOREGOING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, EACH HOLDER SHOULD CONSULT ITS TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE PLAN DESCRIBED HEREIN AND THE APPLICATION OF FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS. NEITHER THE DEBTORS NOR THEIR PROFESSIONALS SHALL HAVE ANY LIABILITY TO ANY PERSON OR HOLDER ARISING FROM OR RELATED TO THE U.S. FEDERAL, STATE, LOCAL OR FOREIGN TAX CONSEQUENCES OF THE PLAN OR THE FOREGOING DISCUSSION.

VIII. CONCLUSION

For all of the reasons set forth in this Disclosure Statement, Debtor believes that confirmation of the Plan is preferable to all other alternatives. Consequently, Debtor recommends all holders of Class 2 Claims to vote to **ACCEPT** the Plan, and to complete and return their Ballots so that they will be **RECEIVED** by the Balloting Agent on or

before 4 p.m. (prevailing Eastern time) on _____ 2011.

Dated: March 22, 2011

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Miles Properties, Inc.

By: _____/s/
Name: Ronald L. Glass
Title: Interim Chief Executive Officer

EXHIBIT “A”

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

| | | |
|-------------------------|---|-----------------------|
| IN RE: |) | Chapter 11 |
| |) | |
| MILES PROPERTIES, INC., |) | CASE NO. 10-60797-MHM |
| |) | |
| Debtor. |) | |

CHAPTER 11 PLAN OF LIQUIDATION FOR MILES PROPERTIES, INC.

Dated: March 22, 2011

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INTRODUCTION

Miles Properties, Inc. (“*MPI*” or “*Debtor*”) proposes this *Chapter 11 Plan of Liquidation for Miles Properties, Inc.* (including all addenda, exhibits, schedules, and other attachments hereto, as any of the same may be amended from time to time, all of which are incorporated herein by reference, the “*Plan*”) pursuant to the provisions of Chapter 11 of the Bankruptcy Code (as defined in Section 1.2.11 below.)

Under section 1125(b) of the Bankruptcy Code, a vote to accept or reject the Plan cannot be solicited from Holders of claims and/or interests until such time as the Disclosure Statement has been approved by the Bankruptcy Court. Debtor urges all Holders of Claims entitled to vote on the Plan to read the Plan and the Disclosure Statement in their entirety before voting to accept or reject the Plan. To the extent, if any, that the Disclosure Statement is inconsistent with the Plan, the Plan will govern. No solicitation materials other than the Disclosure Statement and any schedules and exhibits attached thereto or referenced therein, or otherwise enclosed with the Disclosure Statement served by Debtor on interested parties, have been authorized by Debtor or the Bankruptcy Court for use in soliciting acceptances of the Plan. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code, Federal Bankruptcy Rule 3019 and Article 15 of this Plan, Debtor expressly reserves the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation.

ARTICLE 1

DEFINITIONS, INTERPRETATION AND RULES OF CONSTRUCTION

1.1. Scope of Definitions. For the purposes of this Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms not otherwise defined shall have the meanings ascribed to them in Article 1 of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, respectively. Whenever the context requires, capitalized terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

1.2. Definitions. In addition to such other terms as are defined in other Sections of the Plan, the following terms (which appear in the Plan as capitalized terms) shall have the meanings ascribed to them in this Article 1 of the Plan.

1.2.1. Administrative Expense Claim means any right to payment for any cost or expense of administration (including Professional Claims) of the Chapter 11 Case asserted or arising under sections 503, 507(a)(1), or 507(b) of the Bankruptcy Code, including, any (i) actual and necessary cost or expense of preserving Debtor’s Estate or

operating the business of Debtor arising on or after the Petition Date, (ii) payment to be made under this Plan to cure a default on an executory contract or unexpired lease that is assumed pursuant to section 365 of the Bankruptcy Code, (iii) cost, indebtedness or contractual obligation duly and validly incurred or assumed by Debtor in the ordinary course of business arising on or after the Petition Date, (iv) compensation or reimbursement of expenses of Professionals arising on or after the Petition Date, to the extent allowed by the Bankruptcy Court under section 330(a) or section 331 of the Bankruptcy Code, (v) Allowed Claims that are entitled to be treated as Administrative Expense Claims pursuant to a Final Order of the Bankruptcy Court under sections 503(b) and 507(a)(2) of the Bankruptcy Code, and (vi) fees or charges assessed against Debtor's Estate under section 1930 of title 28 of the United States Code.

1.2.2. Administrative Expense Claims Bar Date means December 1, 2010.

1.2.3. Affiliate shall have the meaning as set forth in section 101(2) of the Bankruptcy Code.

1.2.4. Affiliated Debtors means MPI Development Group, Inc., MPI Portfolio I, LLC, MPI Azalea, LLC, Miles-Cherry Hill, LLC, Miles-Oak Park, LLC, Miles-Fox Hollow, LLC, Miles-April Ridge, LLC, MPI Cimarron, LLC, MPI Sunset Place, LLC, MPI Palms West, LLC, MPI British Woods, LLC and MPI Chaucer, LLC

1.2.5. Allowed Claim or Allowed Interest means a Claim against or Interest in Debtor or any portion thereof (a) that has been allowed by a Final Order, or (b) as to which, on or by the Effective Date, (i) no proof of Claim or Interest has been filed with the Bankruptcy Court and (ii) the liquidated and noncontingent amount of which is Scheduled, other than a Claim or Interest that is Scheduled at zero, in an unknown amount, or as disputed, or (c) for which a proof of Claim or Interest in a liquidated amount has been timely filed with the Bankruptcy Court pursuant to the Bankruptcy Code, any Final Order of the Bankruptcy Court, or other applicable bankruptcy law, and as to which either (i) no objection to its allowance has been filed within the applicable periods of limitation fixed by the Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court sought pursuant to Section 9.1 of the Plan or otherwise entered by the Bankruptcy Court or (ii) any objection to its allowance has been settled or withdrawn, or has been denied by a Final Order, or (d) that is expressly allowed in a liquidated amount in the Plan.

1.2.6. Asset Purchase Agreement means the asset purchase agreement entered into as of August 2, 2010 by and between Debtor and Carroll.

1.2.7. Assets means all legal or equitable pre-petition and post-petition interests of Debtor in any and all real or personal property of any nature, including any

real estate, buildings, structures, improvements, privileges, rights, casements, leases, subleases, licenses, goods, materials, supplies, furniture, fixtures, equipment, work in process, accounts, chattel paper, tax refunds, cash, deposit accounts, reserves, deposits, equity interests, contractual rights, intellectual property rights, claims, causes of actions, assumed executory contracts and unexpired leases, other general intangibles, and the proceeds, products, offspring, rents or profits thereof.

1.2.8. Available Cash means Debtor's post-confirmation (i) Cash on hand, and (ii) Cash that Debtor may obtain from (a) Fee-Based Payments; (b) proceeds of Avoidance Actions and Causes of Action, and (c) any other Cash proceeds from any other source, less amounts necessary to satisfy post-confirmation expenses of the Estate that will accrue or in the Plan Administrator's discretion, should be withheld to satisfy expected post-confirmation expenses of the Estate.

1.2.9. Avoidance Actions means any and all causes of action which a trustee, debtor-in-possession, the estate or other appropriate party in interest may assert under sections 502, 510, 522(f), 522(h), 542, 543, 544, 545, 547, 548, 549, 550, 551, 553 and 724(a) of the Bankruptcy Code (other than those which are released or dismissed as part of and pursuant to the Plan), including Debtor's rights of setoff, recoupment, contribution, reimbursement, subrogation or indemnity (as those terms are defined by the non-bankruptcy law of any relevant jurisdiction) and any other direct or indirect claim of any kind whatsoever, whenever and wherever arising or asserted.

1.2.10. Ballot means the form of approved ballot accompanying the approved Disclosure Statement upon which Holders of Claims entitled to vote on the Plan shall indicate their acceptance or rejection of the Plan in accordance with the instructions regarding voting.

1.2.11. Bankruptcy Code means title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, as applicable in the Chapter 11 Cases.

1.2.12. Bankruptcy Court means the United States Bankruptcy Court for the Northern District of Georgia or any other court of the United States having jurisdiction over the Chapter 11 Case.

1.2.13. Bankruptcy Rules means (a) the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended and promulgated under Section 2075 of title 28 of the United States Code, (b) the Federal Rules of Civil Procedure, as amended and promulgated under Section 2072 of title 28 of the United States Code, (c) the Local Rules of the United States Bankruptcy Court for the Northern District of Georgia and the guidelines and requirements of the Office of the United States

Trustee, and (d) any standing orders governing practice and procedure issued by the Bankruptcy Court, each as in effect on the Petition Date, together with all amendments and modifications thereto to the extent applicable to the Chapter 11 Case or proceedings herein, as the case may be.

1.2.14. Bar Date means May 17, 2010, which was established by the Bankruptcy Court as the deadline for filing and serving all proofs of claims against Debtor in the Chapter 11 Case, except to the extent that a claim or claimant is subject to the Bar Date for Governmental Unit Claims or the Extended Bar Date, each as defined hereinbelow.

1.2.15. Bar Date for Governmental Unit Claims means July 7, 2010, which is the date established by Bankruptcy Rule 3002(c)(1) as the deadline for Governmental Units to file and serve all proofs of claim against Debtor in the Chapter 11 Cases, including, without limitation, claims for Taxes.

1.2.16. Beneficial Holder means the entity holding the beneficial interest in a Claim or Interest.

1.2.17. Business Day means any day other than a Saturday, Sunday or a “legal holiday” (as such term is defined in Federal Bankruptcy Rule 9006(a)).

1.2.18. Carroll means Carroll Property Management, LLC.

1.2.19. Cash means legal tender accepted in the United States of America for the payment of public and private debts, currently denominated in United States Dollars.

1.2.20. Causes of Action means any and all actions, claims, rights, defenses, third-party claims, damages, executions, demands, crossclaims, counterclaims, suits, causes of action, choses in action, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment, accounts receivable, notes receivable and claims whatsoever, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, uncontingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly, indirectly or derivatively, at law, in equity or otherwise, accruing to Debtor including, but not limited to, claims that Debtor has or may have (i) on behalf of creditors and Affiliates as may be asserted against the D&O Policy, and/or (ii) against third parties including former officers and directors (excluding Interim Chief Executive Officer Ronald L. Glass and Chief Financial Officer James L. Mauck, Jr.) in connection with the Zero Balance Account system previously employed by Debtor, Affiliated Debtors and non-Debtor affiliates.

1.2.21. Chapter 11 Cases means the Chapter 11 cases of Affiliated Debtors pending before the Bankruptcy Court, as being jointly administered with one another under Case No. 10-60797-MHM (and as to Debtor, individually, the “Chapter 11 Case”).

1.2.22. Claim means a right of a Creditor against Debtor, whether or not asserted or allowed, of the type described in Bankruptcy Code section 101(5), as construed by Bankruptcy Code section 102(2).

1.2.23. Class means a group of Claims or interests as classified in a particular class under the Plan pursuant to Bankruptcy Code section 1122.

1.2.24. Confirmation Date means the date on which the Bankruptcy Court enters the Confirmation Order on its docket.

1.2.25. Confirmation Hearing means the duly noticed hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to Bankruptcy Code section 1128, including any continuances thereof.

1.2.26. Confirmation Hearing Date means the date on which the Bankruptcy Court conducts a hearing to consider confirmation of the Plan.

1.2.27. Confirmation Order means the order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code, as such order may be amended, modified or supplemented.

1.2.28. Creditor means any Entity who holds a Claim against Debtor.

1.2.29. Debtor means Miles Properties, Inc., individually, including in its capacity as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

1.2.30. D& O Policy means, without limitation, all preceding and existing insurance coverages for and covering against losses resulting from acts committed by officers, directors, and/or employees of Debtor, Miles Properties, Inc., or the Affiliated Debtors, including coverages under that policy (or policies) identified as Travelers Casualty and Surety Company of America Policy No. 104919674, which includes private company directors and officers coverage through the related Wrap+ Private Company Directors and Officers Liability Coverage. The limit of liability under the private company directors and officers liability coverage is \$1,000,000, with a retention of \$25,000 for any defined Claim made by or on behalf of MPI for coverage. Other coverages provided under the D&O Policy include employment practices liability with the same limits as and retention as the directors and officers coverage, and coverage for

fiduciary liability up to \$1,000,000, without any retention. The policy is in force and reporting period has continued and been extended until April 19, 2012.

1.2.31. Disallowed means, with respect to any Claim or Interest or portion thereof, any Claim against or Interest in Debtor which (i) has been disallowed, in whole or part, by a Final Order of the Bankruptcy Court, (ii) has been withdrawn by agreement of Debtor and the Holder thereof, in whole or in part, (iii) has been withdrawn, in whole or in part, by the Holder thereof; (iv) if listed in the Schedules as zero or as Disputed, contingent or unliquidated and in respect of which a Proof of Claim or a Proof of Interest, as applicable, has not been timely Filed or deemed timely Filed pursuant to the Plan, the Bankruptcy Code or any Final Order of the Bankruptcy Court or other applicable bankruptcy law, (v) has been reclassified, expunged, subordinated or estimated to the extent that such reclassification, expungement, subordination or estimation results in a reduction in the Filed amount of any Proof of Claim or Proof of Interest, or (vi) is deemed to be Filed under applicable law or order of the Bankruptcy Court or which is required to be Filed by order of the Bankruptcy Court but as to which such Proof of Claim or Proof of Interest was not timely or properly Filed. In each case a Disallowed Claim or Disallowed Interest is disallowed only to the extent of disallowance, withdrawal, reclassification, expungement, subordination or estimation.

1.2.32. Disallowed Claim means a Claim, or any portion thereof, that is Disallowed.

1.2.33. Disallowed Interest means an Interest, or any portion thereof, that is Disallowed.

1.2.34. Disclosure Statement means that certain written disclosure statement that relates to this Plan as filed in the Chapter 11 Case by Debtor, including the schedules and exhibits attached thereto, as it may be amended, modified or supplemented from time to time, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

1.2.35. Disputed means with respect to a Claim or Interest, any Claim or Interest that has not been Allowed by a Final Order as to which (a) a Proof of Claim or Interest has been Filed with the Bankruptcy Court, or is deemed Filed under applicable law or order of the Bankruptcy Court, and (b) an Objection to such Claim or Interest has been or may be timely Filed or deemed Filed under applicable law by Debtor or any other party in interest and any such Objection has not been (i) withdraw, (ii) overruled or denied by a Final Order or (iii) granted by a Final Order. For purposes of the Plan, a Claim or Interest that has not been Allowed by a Final Order shall be considered a Disputed Claim or Interest, whether or not an Objection has been or may be timely Filed, to the extent (A) the amount of the Claim or Interest specified in the Proof of Claim or

Interest exceeds the amount of any corresponding Claim or Interest in the Schedules, (B) the classification of the Claim or Interest specified in the Proof of Claim or Interest differs from the classification of any corresponding Claim or Interest listed in the Schedules, (C) any corresponding Claim or Interest has been listed in the Schedules as zero or as disputed, contingent or unliquidated, (D) no corresponding Claim or Interest has been listed in the Schedules or (E) such Claim or Interest is reflected as zero or as unliquidated or contingent in the Proof of Claim or Interest Filed in respect thereof.

1.2.36. Disputed Claim means a Claim, or any portion thereof, that is Disputed.

1.2.37. Distribution means each distribution of Available Cash to Holders of Allowed Claims pursuant to and under the terms of this Plan by the Plan Administrator on each Distribution Date.

1.2.38. Distribution Date means the date or dates on which a Holder of an Allowed Claim or Allowed Interest shall receive a Distribution of Available Cash under the terms of the Plan.

1.2.39. Effective Date means the date selected by Debtor that is (a) at least fifteen (15) days following occurrence of the Confirmation Date; and (b) no more than five (5) Business Days following the first date on which no stay of the Confirmation Order is in effect and all conditions to the Effective Date set forth in Article 11 of the Plan have been satisfied or, if waivable, waived pursuant to Section 11.1.3 hereof.

1.2.40. Entity means an entity as defined in section 101(15) of the Bankruptcy Code.

1.2.41. Estate means the estate that was created by the commencement by Debtor of the Chapter 11 Case pursuant to section 541 of the Bankruptcy Code, and shall be deemed to include, without limitation, any and all rights, powers, and privileges and Causes of Action of Debtor and any and all Assets and interests in property, whether real, personal or mixed, rights, causes of action, avoidance powers or extensions of time that Debtor or the Estate shall have had as of the Petition Date, or which the Estate acquired after the commencement of the Chapter 11 Case, whether by virtue of sections 541, 544, 545, 546, 547, 548, 549 or 550 of the Bankruptcy Code, or otherwise.

1.2.42. Extended Bar Date means December 1, 2010, which was established by the Bankruptcy Court as the deadline for filing and serving all proofs of claims against Debtor in the Chapter 11 Case with respect to persons and entities not previously Scheduled before the Bar Date or otherwise notified of the Bar Date; the beneficiaries of the Extended Bar Date are identified in Exhibit A to the Bankruptcy

Court's October 18, 2010 *Order Fixing Additional Bar Date for Added Creditors* (Doc. No. 777).

1.2.43. Fee-Based Payments means the monthly payments that Hediger, pursuant to the Sale Order, is required to pay Debtor in an amount equal to thirty percent (30%) of the management fees under each of the contracts Hediger acquired pursuant to the Sale Order during the remaining term of such contracts after accounting fees to Hediger equal to \$4 per month per managed unit for the duration of the continued management of the underlying properties.

1.2.44. File or Filed means file or filed with the Bankruptcy Court in the Chapter 11 Case.

1.2.45. Final Decree means the final decree entered by the Bankruptcy Court after the Effective Date and pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022.

1.2.46. Final Distribution means the last Distribution to be made by the Plan Administrator pursuant to Article 10 hereof.

1.2.47. Final Distribution Date means the date upon which the Final Distribution is made. The Final Distribution Date shall be a date determined by the Plan Administrator.

1.2.48. Final Order means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing has been denied or resulted in no modification of such order; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil procedure, may be Filed with respect to such order, shall not cause such order not to be a Final Order.

1.2.49. General Unsecured Claim means all Unsecured Claims against Debtor.

1.2.50. Governmental Unit shall have the meaning ascribed to it in section 101(27) of the Bankruptcy Code.

1.2.51. Hediger means Hediger Enterprises, Inc., the assignee of Carroll.

1.2.52. Holder means the legal or Beneficial Holder of a Claim or Interest (and, when used in conjunction with a Class or type of Claim or Interest, means a Holder of a Claim or Interest in such Class or of such type).

1.2.53. Impaired shall have the meaning ascribed to it in Bankruptcy Code section 1124 when used with reference to a Claim or an Interest.

1.2.54. Interests means any and all equity interests, ownership interests or shares in Debtor and issued by Debtor prior to the Petition Date (including, without limitation, all capital stock, stock certificates, common stock, preferred stock, partnership interests, rights, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in Debtor, partnership interests in Debtor's stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights and liquidation preferences, puts, calls or commitments of any character whatsoever relating to any such equity, ownership interests or shares of capital stock of Debtor or obligating Debtor to issue, transfer or sell any shares of capital stock) whether or not certificated, transferable, voting or denominated "stock" or a similar security.

1.2.55. IRC means the Internal Revenue Code of 1986, as amended from time to time.

1.2.56. Lien means a charge against, interest in or other encumbrance upon property to secure payment of a debt or performance of an obligation.

1.2.57. Objection means any objection, application, motion, complaint or any other legal proceeding seeking, in whole or in part, to Disallow, determine, liquidate, classify, reclassify or establish the priority, expunge, subordinate or estimate any Claim (including the resolution of any request for payment of any Administrative Expense Claim) or Interest other than a Claim or an Interest that is Allowed.

1.2.58. Person means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a joint venture, an unincorporated organization, or a Governmental Unit.

1.2.59. Petition Date means January 8, 2010.

1.2.60. Plan means this plan of liquidation of Miles Properties, Inc., and all exhibits annexed hereto or referenced herein, as it may be amended, modified or supplemented from time to time in accordance with the provisions of the Plan or the Bankruptcy Code and Bankruptcy Rules.

1.2.61. Plan Administrator means Ronald L. Glass, Interim Chief Executive Officer for Debtor and Affiliated Debtors, and Chief Restructuring Officer for numerous non-Debtor affiliates.

1.2.62. Priority Claim means a Claim to the extent that it is of a kind described in, and entitled to priority under, sections 507(a)(3), (a)(4), (a)(5), (a)(6), (a)(7) or (a)(9) of the Bankruptcy Code, that is not a Priority Tax Claim.

1.2.63. Priority Tax Claim means any Claim entitled to priority pursuant to Bankruptcy Code section 507(a)(8).

1.2.64. Professional means a Person (a) employed in the Chapter 11 Case pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to sections 327, 328, 329, 330, 331 and 363 of the Bankruptcy Code or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

1.2.65. Professional Claim means a Claim of a Professional retained in the Chapter 11 Case by Debtor pursuant to a Final Order in accordance with sections 327 or 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of actual and necessary costs and expenses relating to services incurred after the Petition Date and prior to and including the Effective Date.

1.2.66. Proof of Claim means any proof of Claim Filed with the Bankruptcy Court with respect to Debtor pursuant to Bankruptcy Rules 3001 or 3002.

1.2.67. Proof of Interest means any proof of Interest Filed with the Bankruptcy Court with respect to Debtor pursuant to Bankruptcy Rule 3002.

1.2.68. Pro Rata means proportionately so that the ratio of the amount of consideration distributed on account of a particular Allowed Claim to the amount of the Allowed Claim is the same as the ratio of the amount of consideration distributed on account of all Allowed Claims of the Class in which the particular Allowed Claim is included to the amount of all Allowed Claims of that Class, but in any event the amount of consideration distributed on account of an Allowed Claim shall not exceed 100% of the amount of the Allowed. Claim.

1.2.69. Rejection Claim means a Claim for damages resulting from the rejection of an executory contract by Debtor pursuant to Section 7.2 of the Plan.

1.2.70. Sale Order means the Bankruptcy Court's *Order Approving Sale of Management Contracts* dated September 17, 2010 (Doc. No. 696), whereby the Bankruptcy Court approved the sale of substantially all of Debtor's assets (principally, management contracts pursuant to which it managed residential apartment complexes owned by several Affiliated Debtors and non-debtor affiliates) to Hediger, the assignee of Carroll.

1.2.71. Scheduled means as set forth on the Schedules.

1.2.72. Schedules means the Schedules of Assets and Liabilities Filed by Debtor in accordance with Bankruptcy Code section 521 and Federal Bankruptcy Rule 1007, as the same may be amended from time to time prior to the Effective Date in accordance with Federal Bankruptcy Rule 1009.

1.2.73. Taxes means all income, gaming, franchise, excise, sales, use, employment, withholding, property, payroll or other taxes, assessments, or governmental charges, together with any interest, penalties, additions to tax, fines, and similar amounts relating thereto, imposed or collected by any federal, state, local or foreign governmental authority on or from Debtor.

1.2.74. U. S. Trustee means the Office of the United States Trustee.

1.2.75. Unimpaired means any Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.

1.2.76. Unsecured Claim means any Claim against Debtor, excluding Administrative Expense Claims, Priority Tax Claims, Priority Claims and Interests.

1.3. Rules of Interpretation.

- A. In the event of an inconsistency; (a) the provisions of the Plan, shall control over the contents of the Disclosure Statement; and (b) the provisions of the Confirmation Order shall control over the contents of the Plan. Any capitalized terms not defined in Section 1.2, above, or herein shall have the meanings ascribed to them in the Disclosure Statement.
- B. For the purposes of the Plan:

(1) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; provided, however, that any change to such form, terms or conditions that is material to a party to such document shall not be modified without such party's consent unless such document expressly provides otherwise;

(2) any reference in the Plan to an existing document, exhibit or schedule Filed or to be Filed means such document, exhibit or Plan schedule, as it may have been or may be amended, modified or supplemented as of the Effective Date;

(3) unless otherwise specified, all references in the Plan to "Sections," "Articles," "Exhibits" and "Plan Schedules" are references to Sections, Articles, Exhibits and Plan Schedules of or to the Plan;

(4) the words "herein," "hereof," "hereto," "thereunder" and others of similar import refer to the Plan in its entirety rather than to only a particular portion of the Plan;

(5) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be part or to affect interpretations of the Plan; and

(6) the word "including" means "including without limitation."

- C. Whenever a Distribution of property is required to be made pursuant to the Plan on a particular date, the Distribution shall be made on such date or as soon as reasonably practicable thereafter.
- D. All Exhibits to the Plan are incorporated into the Plan and shall be deemed to be included in the Plan, regardless of when they are Filed.
- E. Subject to the provisions of any contract, certificate, bylaws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules.

1.4. Computation of Time. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Federal Bankruptcy Rule 9006(a) shall apply.

ARTICLE 2
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
PRIORITY TAX CLAIMS AND STATUTORY FEES

2.1. Administrative Expense Claims. Each Holder of an Allowed Administrative Expense Claim shall receive on account of the Allowed Administrative Expense Claim and in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Expense Claim, Cash equal to the unpaid portion of such Allowed Administrative Expense Claim, as soon as practicable upon the earlier to occur of (i) the Effective Date or ten (10) Business Days after the entry of a Final Order allowing such Administrative Expense Claim; or (ii) the entry of an order of the Bankruptcy Court awarding a Professional Claim. Provided, however, that Administrative Expense Claims with respect to liabilities incurred by Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreement or course of dealing relating thereto. Administrative Expense Claims are Unimpaired.

2.2. Statutory Fees. On or before the Effective Date, all fees due and payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in full, in Cash.

2.3. Professional Claims. No later than ten (10) days prior to the Confirmation Hearing Date, each Professional shall File with the Bankruptcy Court its final fee application seeking final approval of all fees and expenses from the Petition Date through the Confirmation Hearing Date. Within ten (10) days after entry of a Final Order with respect to its final fee application, the Plan Administrator shall pay in full the Allowed Claims of each Professional in Cash.

2.4. Priority Tax Claims. With respect to each Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall be entitled to receive on account of such Allowed Priority Tax Claim, in full satisfaction, settlement and release of and in exchange for such Allowed Priority Tax Claim, payment in full in Cash on the Effective Date or as soon thereafter as is practicable in recognition of the applicable claims resolution process set forth herein. Priority Tax Claims are Unimpaired.

2.5. Deadline for Filing Administrative Expense Claims.

2.5.1. Administrative Expense Claims Bar Date. The Administrative Expense Claims Bar Date was December 1, 2010. Any person or entity asserting an

Administrative Expense Claim (other than a Professional Claim) that did not file such an Administrative Expense Claim by the Administrative Expense Claim Bar Date shall be forever barred from asserting such Claim against Debtor, its Estate, and any other Person or Entity, or any of their respective property. In the Order fixing the Administrative Expense Claim Bar Date (Doc. No. 778), the Bankruptcy Court confirmed that it would not apply to (i) administrative claims which arise in the ordinary course of MPI's (and Affiliated Debtors') post-petition business operations contemplated by any cash collateral order entered by the Bankruptcy Court,¹ (ii) rejection damage claims for executory contracts and unexpired leases not yet rejected, (iii) applications for approval of professional fees and expenses pursuant to Sections 327, 328 or 330 of the Bankruptcy Code, (iv) obligations owed to the Office of the United States Trustee, (v) administrative claims, whether asserted pursuant to section 507(b) of the Bankruptcy Code or otherwise, that may be asserted by Wachovia Bank, N.A., as master servicer and special servicer for the Holders of Wachovia Bank Commercial Mortgage Trust, Commercial Mortgage Pass-Through Certificates, Series 2007-WHALE 8, Arbor Realty Funding, LLC, or Arbor Realty Mortgage Securities 2004-1, Ltd.,² or (vi) administrative claims that may arise for any "break-up fee" that may be allowed via subsequent Order of the Bankruptcy Court.³

2.5.2. Priority Tax Claims. All requests for payment of Claims by a Governmental Unit for Taxes (and for interest and/or penalties or other amounts related to such Taxes) for any tax year or period, all or any portion of which occurs or falls within the period from and including the Petition Date through and including the Effective Date, must be filed by the Bar Date for Governmental Unit Claims. Any Holder of a Claim for Taxes that is required to File a request for payment of such Taxes and other amounts due related to such Taxes and which does not File such a Claim by the applicable bar date shall be forever barred from asserting any such Claim against Debtor, the Estate, or any other Entity, or their respective property, whether any such Claim is deemed to arise prior to, on, or subsequent to the Effective Date, and shall receive no Distribution under the Plan or otherwise on account of such Claim.

¹ The provision concerning cash collateral would not apply to MPI which has no secured debt.

² The assertion of Administrative Expense Claims by Wachovia Bank, N.A. is inapplicable to Debtor as neither Wachovia Bank, N.A. nor Arbor Realty Funding, LLC or Arbor Realty Mortgage Securities 2004-1, Ltd. is a secured creditor of Debtor.

³ There will be no "break-up" fee here as substantially all of Debtor's assets were sold to Hediger prior to the filing of the Plan and this Disclosure Statement as discussed in Article III(F)(vi), above.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF
CLASSIFIED CLAIMS AND INTERESTS

3.1. General. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of the Classes of Claims and Interests in Debtor. A Claim or Interest is placed in a particular Class only to the extent that such Claim or Interest falls within the description of that Class. A Claim or Interest is also placed in a particular Class for purposes of receiving a Distribution under the Plan, but only to the extent such Claim or Interest is an Allowed Claim or Interest and has not been paid, released, or otherwise settled prior to the Effective Date. Except as otherwise expressly set forth in this Plan, a Claim or Interest which is not an Allowed Claim or Allowed Interest shall not receive any payments, rights or Distributions under this Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims of the kinds specified in section 507(a)(1) and Priority Tax Claims of the kinds specified in section 507(a)(8) of the Bankruptcy Code have not been classified and are treated as set forth in Article 2 above.

3.2. Classification. The following summary is for the convenience of all interested parties and is superseded for all purposes by the classification, description and treatment of Claims and Interests in Article 5 of the Plan.

3.2.1. Class 1: Priority Claims. Class 1 consists of all Priority Claims.

3.2.2. Class 2: General Unsecured Claims. Class 2 consists of all General Unsecured Claims.

3.2.3. Class 3: Interests. Class 3 consists of all Interests.

ARTICLE 4
IDENTIFICATION OF CLASSES OF CLAIMS AND
INTERESTS IMPAIRED AND NOT IMPAIRED BY THE PLAN

4.1. Unimpaired Classes of Claims and Interests. Class 1 is Unimpaired.

4.2. Impaired Classes of Claims and Interests. Class 2 Claims and Class 3 Interests are Impaired by the Plan.

ARTICLE 5
PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

5.1. Class 1 (Priority Claims). Each Holder of an Allowed Priority Claim shall receive on account of such Claim, Cash equal to the amount of such Allowed

Priority Claim, without post-petition interest or penalty, on the later of (i) the Effective Date or as soon as practicable thereafter or (ii) the date that is ten (10) Business Days after an order of the Bankruptcy Court allowing such Priority Claim becomes a Final Order.

5.2. Class 2 (General Unsecured Claims). After satisfaction in full or satisfaction in accordance with this Plan of all Allowed Administrative Expense Claims, Professional Claims, Allowed Priority Tax Claims and Allowed Priority Claims, the Available Cash shall be allocated Pro Rata among holders of Allowed General Unsecured Claims. Each Holder of an Allowed General Unsecured Claim shall receive a Distribution or Distributions from the Plan Administrator of its share of the Available Cash allocable on account of its Allowed General Unsecured Claim, shared Pro Rata with the Holders of other Allowed General Unsecured Claims.

5.3. Class 3 (Interests). Holders of Interests will not receive any Distribution under the Plan on account of their Interests and, on the Effective Date, the Interests will be cancelled.

ARTICLE 6

MEANS FOR EXECUTION AND IMPLEMENTATION OF THE PLAN

6.1. Appointment of a Plan Administrator. On or prior to the Effective Date, Debtor will appoint Ronald L. Glass, the current Interim CEO of Debtor and Affiliated Debtors, as well as the CRO of non-Debtor affiliates, as the Plan Administrator. The Plan Administrator shall perform those duties reserved for such person in the Plan.

6.2. Vesting in Plan Administrator. On the Effective Date of the Plan, all of the Available Cash, Avoidance Actions and Causes of Action shall vest in and be retained under the sole and exclusive control of the Plan Administrator solely for the benefit of all Holders of Allowed Claims against Debtor pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code. The Plan contemplates the distribution of the Available Cash for the benefit of the Holders of Allowed Claims and the subsequent distribution of proceeds and recoveries from the Avoidance Actions and Causes of Action.

6.3. Plan Funding. The Plan will be funded with Available Cash.

6.4. Effective Date Distributions. On the Effective Date, the Plan Administrator shall be authorized to pay from the Available Cash all Allowed Administrative Expense Claims, all Allowed Priority Tax Claims, all Allowed Priority Claims and the fees of the Office of the United States Trustee, in accordance with the terms of the Plan.

6.5. Powers and Obligations of the Plan Administrator. As of the Effective Date, the Plan Administrator shall act in a fiduciary capacity for the Holders of all Allowed Claims hereunder and shall have only those rights, powers and duties conferred to him/her by the Plan, as well as the rights and powers of a trustee under sections 542 through 552 of the Bankruptcy Code and the duties of a trustee under sections 704(1), (2), (4), (5), (7) and (9) of the Bankruptcy Code. The Plan Administrator shall administer the Plan subject to the foregoing duties and powers, which shall include the following:

(a) To prosecute, compromise or settle objections to Claims, and to make or direct that Distributions be made to Holders of Allowed Claims;

(b) To make decisions regarding the retention or engagement of Professionals and to pay all reasonable fees and expenses incurred after the Effective Date;

(c) To make or direct Distributions to Holders of Allowed Claims and to otherwise implement and administer the Plan;

(d) To pursue, litigate or settle all Avoidance Actions and Causes of Action, specifically including claims against certain former directors, officers, managers and employees, including Daniel J. Miles (but excluding Interim Chief Executive Officer Ronald L. Glass and CFO James L. Mauck, Jr.) for, among other things, breach of fiduciary duties, negligence and other acts, errors and omissions made with respect to malfeasance in management of MPI in connection with operation of the ZBA (as that term is defined in the Disclosure Statement) and as alluded to in Article III(F)(ix) of the Disclosure Statement, as well as make claims and demands on behalf of MPI's creditors and the ZBA Net Lenders (as defined in the Disclosure Statement) upon Travelers Casualty and Surety Company of America under the D&O Policy (as defined in the Disclosure Statement);

(e) To file with the Bankruptcy Court the reports and other documents and to pay any and all fees required by the Plan or otherwise required to close the Chapter 11 Case, including the preparation and filing of a motion for a Final Decree;

(f) To set off amounts owed to Debtor against any and all amounts otherwise due to be distributed to the Holder of an Allowed Claim hereunder;

(g) To collect open accounts receivable;

(h) To collect "disposition" fees, if any, for the sale(s) of any Properties owned by Affiliated Debtors and non-Debtor affiliates;

(i) To collect and manage further Fee-Based Payments from Hediger Enterprises, Inc.;

(j) To manage MPI's insurance program including but not limited to billing and collecting premiums from Hediger, coordination with MPI's insurance broker on claims, paying required deductibles, collecting open accounts receivable from MPI's insurance broker and terminating insurance for properties no longer managed by Hediger;

(k) To file final tax returns, conduct or cause to be conducted a final audit of the 401K Plan and a final audit of the workers compensation policy;

(l) To manage and, as appropriate, seek leave of the Bankruptcy Court to abandon or destroy documents currently in storage (the "Storage Facility") or where otherwise located; and

(m) To take all other actions not inconsistent with the provisions of the Plan deemed necessary or desirable in connection with administering the Plan.

6.6. Engagement of Post-Confirmation Professionals and Compensation to Plan Administrator and Post-Confirmation Professionals. The Plan Administrator shall be compensated from Available Cash. The Plan Administrator shall be entitled to bill for his services at the hourly rate he charges in the ordinary course of business which, as of the filing of this Disclosure Statement, is \$500.00 @ hour, and shall be compensated for such services from Available Cash. The Plan Administrator may engage counsel and other professionals to represent him in connection with his/her duties hereunder (the "***Post-Confirmation Professionals***"); provided, however, that Post-Confirmation Professionals shall not be precluded from representing the Plan Administrator to the extent that certain of their Administrative Expense Claims remain unpaid from Debtor's Estate. Any fees and expenses of such Post-Confirmation Professionals shall constitute post-confirmation Administrative Expense Claims. The Plan Administrator may, in the exercise of his business judgment, employ James L. Mauck, Jr., Debtor's Chief Financial Officer, individually or through some corporate entity.

The Post-Confirmation Professionals shall be paid 90% of their fees and 100% of their costs on a monthly basis from Available Cash. Post-Confirmation Professionals shall file fee applications no less frequently than every 120 days seeking approval of fees and expenses to be awarded by the Bankruptcy Court, including approval of the amounts paid on a monthly basis. A Post-Confirmation Professional who fails to file an application seeking approval of compensation and expenses previously paid when such application is due every 120 days shall preclude such Post-Confirmation Professional

from being paid monthly as provided herein until an interim fee application has been filed and heard by the Bankruptcy Court. Upon the filing of each such application, the Post-Confirmation Professionals shall be entitled to request the payment of some or all of any pending holdbacks in fees. The Bankruptcy Court shall retain jurisdiction to allow or disallow all post-confirmation Administrative Expense Claims of the Plan Administrator and the Post-Confirmation Professionals. The invoices for services rendered and out-of-pocket expenses incurred which are to be submitted shall be sufficiently detailed to identify the hours worked, the rates charged and the work performed.

The Plan Administrator may employ such staff as is reasonably necessary to carry out his/her functions and duties, store the books and records of Debtor, and compensate such staff and pay for such premises from the Available Cash.

6.7. Resignation, Death or Removal of the Plan Administrator. The Plan Administrator may resign at any time; provided, however, that he/she shall file a motion with the Bankruptcy Court in connection therewith and request that a successor or replacement be appointed in accordance herewith, which motion shall be on notice to the top twenty (20) unsecured creditors holding Allowed Claims and the Office of the United States Trustee. The Office of the United States Trustee or any party in interest, by motion filed with the Bankruptcy Court, or the Bankruptcy Court on its own order to show cause, may seek to remove the Plan Administrator for cause, including under section 324 of the Bankruptcy Code, for the violation of any material provision of the Plan, or in the event the Plan Administrator becomes incapable of acting hereunder as a result of physical or mental disability and such physical or mental disability continues for a period in excess of thirty (30) days (except in the case of death, in which instance the procedures for replacement will begin immediately). In the event of a resignation or removal, the Plan Administrator, unless he/she is incapable of doing so, shall continue to perform his/her duties hereunder until such a time as a successor is approved by a Final Order of the Bankruptcy Court. In the event the Plan Administrator resigns or is removed, the successor shall be elected in them manner prescribed by section 1104(b) of the Bankruptcy Code.

6.8. Dissolution of Debtor. As soon as practicable after the Effective Date, Debtor will be dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of Debtor or payments to be made in connection therewith; provided however, the Plan Administrator shall be authorized to file or caused to be filed Debtor's final tax returns, and complete or cause to be completed a final audit of the 401K Plan and workers compensation policy. From and after the Effective Date, Debtor (i) for all purposes shall be deemed to have withdrawn its business operations from any state in which it was previously conducting, or is registered or licensed to conduct, its business operations, and shall not be required to file any document, pay any sum or take any other action, in order to effectuate such withdrawal (ii) shall be deemed

to have cancelled pursuant to the Plan all Interests, and (iii) shall not be liable in any manner to any taxing authority for franchise, business, license or similar taxes accruing on or after the Effective Date.

6.9. Closing of the Chapter 11 Cases. Notwithstanding anything to the contrary in the Bankruptcy Rules providing for earlier closure of the Chapter 11 Case, when all Assets have been liquidated and converted into Cash (other than those Assets abandoned by the Plan Administrator), and such Cash has been distributed in accordance with this Plan, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

6.10. Post-Effective Date Settlements. Except as otherwise set forth in this Plan or the Confirmation Order, on and after the Effective Date, (a) the Plan Administrator shall not be required to obtain approval of the Bankruptcy Court to settle Avoidance Actions and Causes of Action.

6.11. Post-Effective Date Reporting. As promptly as practicable after the making of any Distributions that are required under this Plan to be made on the Effective Date or as soon as practicable thereafter in recognition of the applicable claims reconciliation process, but in any event no later than ten (10) Business Days after the making of such Distributions, the Plan Administrator shall File with the Bankruptcy Court and serve on the Office of the United States Trustee a report setting forth the amounts and timing of all such Distributions and the recipients thereof. Thereafter, the Plan Administrator shall File with the Bankruptcy Court and serve on the Office of the United States Trustee quarterly reports summarizing disbursements for the immediately preceding three-month period. Quarterly reports shall be provided no later than the fifteenth (15th) day of each January, April, July and October until all Final Distributions under this Plan have been made.

ARTICLE 7

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1. Treatment of Executory Contracts and Unexpired Leases. On the Effective Date, all executory contracts and unexpired leases that exist between Debtor and any Entity which (i) have not previously been assumed and assigned to Hediger pursuant to the terms of the Sale Order, or (ii) are not the subject of pending motions to assume, assume and assign or reject as of the Confirmation Date, shall be deemed rejected in accordance with the provisions and requirements of section 365(a) of the Bankruptcy Code; provided however, that the executory contracts and unexpired leases identified in **Exhibit B** to the Disclosure Statement shall not be deemed rejected by entry of the Confirmation Order but instead will be assumed by Debtor (collectively, the

“Excepted Contracts and Leases”). **Exhibit B** to the Disclosure Statement identifies the cure amount, if any, required by section 365(b) of the Bankruptcy Code for assumption of the Excepted Contracts and Leases. All cure payments which may be required to be made by Debtor under section 365(b)(1) of the Bankruptcy Code in connection with the assumptions listed on Exhibit B shall be made on the Effective Date. In the event of a dispute regarding the need for and/or amount of any such cure payments, the ability of Debtor to provide adequate assurance of future performance, or any other matter relating to such assumption, Debtor shall make such cure payments in accordance with a Final Order of the Bankruptcy Court. The Plan and this Disclosure Statement shall constitute a motion for approval of the assumption of the Excepted Contracts and Leases pursuant to section 365(a) of the Bankruptcy Code which authorizes the assumption of executory contracts and unexpired leases in the business judgment of a trustee or debtor in possession. See *In re Diamond Mfg. Co., Inc.*, 164 B.R. 189, 199 (Bankr. S.D. Ga. 1994) (citing *In re Gardinier, Inc.*, 831 F.2d 974, 975 n.2 (11th Cir. 1987)). The Plan Administrator believes, in the exercise of his business judgment, that it will be beneficial to the estate to assume the Excepted Contracts and Leases to facilitate liquidation of Debtor. The Confirmation Order (except as otherwise provided therein) shall constitute an order of the Bankruptcy Court pursuant to section 365(a) of the Bankruptcy Code, effective as of the Effective Date, approving assumptions and rejections contemplated herein and the Disclosure Statement. The listing of a contract or lease to be assumed pursuant to this Section 7.1 shall not constitute an admission by Debtor that such contract or lease is an executory contract or unexpired lease or that Debtor has any liability thereunder.

7.2. Claims for Rejection Damages. Proofs of Claim for alleged damages arising from the rejection pursuant to the Plan, the Confirmation Order or any subsequent Order of the Bankruptcy Court, of any executory contract or any unexpired lease shall be Filed with the Bankruptcy Court and served on counsel for Debtor or the Plan Administrator not later than thirty (30) days after the service of the earlier of: (i) notice of entry of the Confirmation Order or (ii) other notice that the executory contract or unexpired lease has been rejected (including service of an Order of the Bankruptcy Court providing for such rejection). **Any Holder of a Claim arising from the rejection of any executory contract or any unexpired lease that fails to File a Proof of Claim on or before the date specified in this paragraph shall be forever barred, estopped and enjoined from asserting such Claims in any manner against Debtor (or Filing Proofs of Claim with respect thereof) or its Estate, and Debtor shall be forever discharged from all indebtedness or liability with respect to such Claims, and, if applicable, such Holders shall not be permitted to vote on the Plan or to participate in any distribution in the Chapter 11 Case on account of such Claims or to receive further notices regarding such Claims and shall be bound by the terms of the Plan.**

7.3. Objections to and Treatment of Rejection Claims. The Bankruptcy Court shall determine any Objections to any Proofs of Claim Filed in accordance with Section 7.2 hereof at a hearing to be held at a date to be determined by the Bankruptcy Court. Unsecured Claims arising out of the rejection of executory contracts and unexpired leases shall, pursuant to section 502(g) of the Bankruptcy Code, be Allowed Class 2 Claims entitled to the same treatment under the Plan received by the other Allowed Class 2 Claims.

7.4. Benefit Programs. Except and to the extent previously assumed by order of the Bankruptcy Court on or before the Confirmation Date, all employee compensation and benefit programs of Debtor, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Petition Date and not since terminated, shall be deemed to be rejected as of the date the Confirmation Order becomes a Final Order. In this regard, MPI prior to the Effective Date or the Plan Administrator within ten (10) days after the Effective Date will give written notice to all participants, including former employees of MPI who, as of the Effective Date, are COBRA (Consolidated Omnibus Reconciliation Act) plan participants of the termination of the continued medical benefits plan.

7.5. Employment Agreements. Notwithstanding anything in this Article VII to the contrary, unless assumed by Hediger pursuant to the Sale Order, all employment and/or compensation agreements between Debtor and any employees shall be deemed rejected in accordance with the provisions and requirements of section 365 of the Bankruptcy Code; provided however, Orders that as of the filing of the Plan and Disclosure Statement (Doc. No. 851) have or will be entered by the Bankruptcy Court resulting from the *Motion for Approval of Incentive-Based and Severance Agreement for Certain Employees* (Doc. No. 780), shall be excluded from the scope of this subsection 7.5. Specifically, by Order dated December 6, 2010 (Doc. No. 866), the Bankruptcy Court approved a severance payment to Mr. Mauck, in the amount of \$26,923.08 to be made on the ending of his employment by MPI. The Bankruptcy Court has taken under advisement the issue of whether Mr. Mauck should be paid an additional, approximate \$26,000, a payment that is the subject of an Objection by the United States Trustee (Doc. No. 829). An Order authorizing this additional payment to Mr. Mauck would, if entered, also be excluded from the scope of this subsection 7.5. Likewise, any final compensation due to be made to CFO James L. Mauck, Jr., Melissa Barras and Mark Gordon through the Effective Date shall be excluded from the scope of any rejection of any employment contracts and/or compensation agreements as contemplated by this subsection 7.5.

ARTICLE 8

POST-CONFIRMATION LITIGATION

8.1. Preservation, Transfer and Enforcement of Avoidance Actions and Causes in Action. Other than those released in this Plan and the Disclosure Statement, Avoidance Actions and Causes of Action are hereby preserved and retained for enforcement solely and exclusively and in the discretion of the Plan Administrator and are vested in the Plan Administrator on the Effective Date, who shall be designated as the representative of Debtor's Estate pursuant to 11 U.S.C. § 1123(b)(3)(B). The Plan Administrator shall, therefore, have the right to prepare, file, pursue, prosecute and settle the Avoidance Actions and Causes of Action, whether or not such Avoidance Actions or Causes of Action have been asserted or commenced as of the Effective Date, as a representative of the estate pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code appointed for such purpose for the benefit of holders of Allowed Claims. To the extent that certain Avoidance Actions or Causes of Action are filed by Debtor and are not resolved prior to the Effective Date, such Avoidance Actions or Causes of Action will be transferred to and vest in Debtor under the control of the Plan Administrator pursuant to the terms of the Plan.

ARTICLE 9

PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS GOVERNING DISTRIBUTIONS

9.1. Objections to Claims. Subject to applicable law, from and after the Effective Date, the Plan Administrator shall have the authority to File, settle, compromise, withdraw, arbitrate or litigate to judgment objections to Claims pursuant to applicable procedures established by the Bankruptcy Code, the Bankruptcy Rules, and this Plan. Objections to any Claim other than an Administrative Expense Claim (for which the objection deadline is the Administrative Expense Claims Bar Date) must be Filed and served on the claimant no later than the later of (x) thirty (30) days after the date the Claim is Filed or (y) ninety (90) days after the Effective Date or such other date as may be ordered from time to time by the Court (the "Claim Objection Deadline"). The Plan Administrator shall use reasonable efforts to promptly and diligently pursue resolution of any and all Disputed Claims.

9.2. Resolution of Claims filed by Wachovia Bank, N.A. n/k/a Wells Fargo, N.A. and Redus Alabama Commercial, LLC: Debtor has secured the agreement of Wells Fargo, on behalf of itself and Redus Alabama Commercial, LLC ("**Redus**") to voluntarily reduce their claims which total approximately \$108,839,994 (after taking into account a duplicative claim filed by Redus) and accept allowed claims totaling \$17 million for a total claim reduction of approximately \$66 million. In light of the agreement reached to reduce claims, Debtor's Estate will request that Wells Fargo cast ballots for

these reduced claims in favor of the Plan. The distribution to be paid to Wells Fargo and Redus will be based on the total allowed claims of \$17 million which will be allocated as follows: (i) Claim No. 179 filed by Wells Fargo [To be allowed in the amount of \$1,875,000]; (ii) Claim. No. 181 filed by Wells Fargo [To be allowed in the amount of \$3,600,000]; (iii) Claim No. 196 filed by Wells Fargo [To be allowed in the amount of \$275,000]; (iv) Claim No. 202 filed by Wells Fargo [To be allowed in the amount of \$250,000; and Claim No. 206 filed by Redus [To be allowed in the amount of \$11,000,000]. In return for this substantial (approximate \$66 million) reduction in the total amount of claims Debtor, pursuant to section 1123(b)(3)(A) of the Bankruptcy Code which provides that a chapter 11 plan may provide for “the settlement or adjustment of any claim or interest belonging to the debtor or to the estate,” has agreed not to object to the guarantee claims filed by Wells Fargo and Redus or seek to avoid the issuance of the guarantees by Debtor as constructively fraudulent conveyances because Debtor received little benefit from guarantees issued in favor of Wells Fargo concerning the (i) Aircraft Loan, (ii) ISDA Master Agreement, (iii) Condominium, and (iv) Loans to Aspen, LLC, MDP Fox Road, LLC and MPI Cambridge, LLC (as these terms are defined in the Disclosure Statement).

9.3. Release. As of the Effective Date, in return for Wells Fargo’s and Redus’ agreement to reduce the total amount of their claims from approximately \$82 million to \$17 million as discussed in section 9.2, above, and in Article II(D) of the Disclosure Statement, Debtor, through the Confirmation Order, shall release Wells Fargo and Redus from any and all claims, including but not limited to Avoidance Actions or Causes of Action, that could have been brought against Wells Fargo and Redus by Debtor (prior to the Effective Date) or the Plan Administrator (from and after the Effective Date). Debtor will not object to the Claims asserted by Wells Fargo and Redus, as voluntarily reduced, and those Claims shall be allowed in the following amounts: Claim No. 179 filed by Wells Fargo [To be allowed in the amount of \$1,875,000]; (ii) Claim. No. 181 filed by Wells Fargo [To be allowed in the amount of \$3,600,000]; (iii) Claim No. 196 filed by Wells Fargo [To be allowed in the amount of \$275,000]; (iv) Claim No. 202 filed by Wells Fargo [To be allowed in the amount of \$250,000; and Claim No. 206 filed by Redus [To be allowed in the amount of \$11,000,000].

9.4. Amendments to Claims and Requests for Payment of Administrative Expense Claims; Claims Filed After the Bar Dates. Unless otherwise provided in a Final Order of the Bankruptcy Court:

(a) a Claim on account of which a Proof of Claim is not timely Filed in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules or an Order of the Bankruptcy Court, may not be Filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may

be amended by the Holder of such Claim solely to decrease, but not to increase, the face amount or priority; and

(b) after the Administrative Expense Claims Bar Date, a Claim on account of which a request for payment of Administrative Expense Claims is not timely Filed in accordance with Section 2.5 hereof, may not be Filed or amended without the authorization of the Bankruptcy Court and, even with such Bankruptcy Court authorization, may be amended by the Holder of such Claim solely to decrease, but not to increase, the face amount or priority.

Except as otherwise provided in the Plan, any new or amended Claim Filed after the Bar Date, the Extended Bar Date, or the Administrative Expense Claims Bar Date (as applicable) shall be deemed Disallowed in full and expunged without any action by the Plan Administrator, unless the Holder of such Claim has obtained prior Bankruptcy Court authorization for the Filing. The Holder of a Claim which is Disallowed pursuant to this Section 9.2 shall not receive any Distribution on account of such Claim. The Plan Administrator shall File with the Bankruptcy Court and serve on the Holder of any Claim whose Claim is deemed Disallowed pursuant to this Section 9.2, but whose Proof of Claim or request for payment of an Administrative Expense Claim is subsequently deemed timely File or Allowed notwithstanding this Section 9.2 by a Final Order of the Bankruptcy Court, any Objection to such Claim or request for estimation thereof within sixty (60) days (or such later date as the Bankruptcy Court shall approve) after any such order becomes a Final Order.

9.5. No Payment of Distribution Pending Allowance. All references to Claims or Interests and amounts of Claims and Interests refer to the amount of the Claim or Interest Allowed by operation of law, Final Order of the Bankruptcy Court, or the Plan. Accordingly, notwithstanding any other provision in the Plan, no payment or Distribution shall be made on account of or with respect to any Claim to the extent it is a Disputed Claim unless and until the Disputed Claim becomes an Allowed Claim. Notwithstanding the foregoing, on or as soon as practicable after the Claim Objection Deadline, as applicable, the Plan Administrator shall make Distributions to Holders of Disputed Claims to the extent, and only to the extent, the portion of such Claim is not subject to a pending Objection.

ARTICLE 10

DISTRIBUTIONS

10.1. Timing of Distributions. Except as set forth in the Plan, Distributions will be made to Holders of Allowed Claims in accordance with Articles 2 and 5 of the Plan. If a Claim is not an Allowed Claim as of the applicable Distribution Date, Distributions will be made only if and when the Claim is allowed and in accordance with Articles 2

and 5 of the Plan. The Plan Administrator shall make Distributions to the Holders of various Allowed Claims as follows:

10.1.1. Distributions to Holders of Allowed Administrative Expense Claims. Distributions to Holders of Allowed Administrative Expense Claims will be made on the Effective Date.

10.1.2. Distributions to Holders of Allowed Professional Claims. Distributions to Holders of Allowed Professional Claims will be made on the Effective Date.

10.1.3. Distributions to Holders of Allowed Priority Tax Claims. Distributions to Holders of Allowed Priority Tax Claims will be made on the later of (i) the Effective Date or as soon as practicable thereafter or (ii) the date that is ten (10) Business Days after an order of the Bankruptcy Court allowing such Priority Claim becomes a Final Order

10.1.4. Distributions to Holders of Allowed Priority Claims. Distributions to Holders of Allowed Priority Claims will be made on the later of (i) the Effective Date or as soon as practicable thereafter or (ii) the date that is ten (10) Business Days after an order of the Bankruptcy Court allowing such Priority Claim becomes a Final Order.

10.1.5. Distributions to Holders of Class 2 Claims. Unless otherwise provided in this Plan, the initial Distributions to Holders of Class 2 Claims shall be made at such time as all Claims in Class 2 have been either Allowed or Disallowed, while the Plan Administrator, in the exercise of his business judgment, can make further Distributions when Debtor obtains further or additional Available Cash with which to make such further Distribution(s), i.e., when Debtor receives further Fee-Based Payments from Hediger or proceeds of Avoidance Actions and Causes of Action; provided however, that to the extent that Debtor does not object to any particular Class 2 Claim within the ninety (90) day period after the Effective Date as contemplated by Article, IV(G) of the Disclosure Statement, meaning that such a Claim is deemed allowed as a matter of law pursuant to section 502(a) of the Bankruptcy Code, distributions to Holders of such Allowed Class 2 Claims shall be made within ten (10) Business Days after the expiration of the ninety (90) day period after the Effective Date.

10.2. Delivery of Distributions in General. Distributions to Holders of Allowed Claims shall be made: (a) at the addresses set forth in the Proofs of Claim Filed by such Holders; (b) at the addresses set forth in any written notices of address change filed with the Bankruptcy Court or delivered to the Plan Administrator after the date on which any related Proof of Claim was Filed; or (c) at the addresses reflected in the

Schedules relating to the applicable Allowed Claim if no Proof of Claim has been Filed and the Plan Administrator has not received a written notice of a change of address.

10.3. Cash Payments. Except as otherwise provided in the Confirmation Order, any Cash payment to be made pursuant to the Plan shall be made by check drawn on a U.S. bank or by wire transfer from a U.S. bank, at the option of the Plan Administrator.

10.4. Interest on Claims. Except as required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a Final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. To the extent that any Allowed Claim entitled to a Distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution shall, to the extent permitted by applicable law, be allocated for federal income tax purposes to the principal amount of the Allowed Claim first and then, to the extent the consideration exceeds the principal amount of the Allowed Claim, to the portion of such Allowed Claim representing accrued but unpaid interest.

10.5. No De Minimis Distributions. No payment of Cash in an amount of less than \$10.00 shall be required to be made on account of any Allowed Claim.

10.6. Face Amount. Unless otherwise expressly set forth herein with respect to a specific Claim or Class of Claims, for the purpose of the provisions of this Article, the "Face Amount" of a Disputed Claim means the amount set forth on the Proof of Claim unless the Disputed Claim has been estimated for distribution purposes or, in the alternative, if no Proof of Claim has been timely Filed or deemed Filed, zero.

10.7. Unclaimed Property. Checks issued in respect of Distributions under the Plan shall be null and void if not negotiated within ninety (90) days after the date of issuance. If any Distribution remains unclaimed for a period of ninety (90) days after it has been delivered (or attempted to be delivered) in accordance with the Plan to the Holder entitled thereto, such Unclaimed Property shall be forfeited by such Holder.

10.8. Compliance with Tax Requirements. In connection with the Plan and the Distributions made in accordance therewith, to the extent applicable, the Plan Administrator shall comply with all tax withholding and reporting requirements imposed by any Governmental Unit, and all Distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. The Plan Administrator shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

ARTICLE 11
CONDITIONS PRECEDENT TO EFFECTIVENESS OF PLAN

11.1. Conditions to the Effective Date. The Plan shall not become effective and the Effective Date shall not occur unless and until:

11.1.1. The Bankruptcy Court shall have entered. the Confirmation Order in form and substance reasonably satisfactory to Debtor;

11.1.2. The Bankruptcy Court shall have approved the information contained in the Disclosure Statement as adequate pursuant to section 1125 of the Bankruptcy Code;

11.1.3. All documents, instruments and agreements, in form and substance reasonably satisfactory to Debtor, provided for under this Plan or necessary to implement this Plan, shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby; and

11.1.4. The Confirmation Order shall have become a Final Order.

ARTICLE 12
EFFECT OF CONFIRMATION

12.1. Jurisdiction of Court. Pursuant to sections 105(a) and 1142 of the Bankruptcy Code; and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including among other things, jurisdiction over the subject matters set forth in Article 13 of this Plan.

12.2. Binding Effect. Except as otherwise provided in section 1141(d) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any Holder of a Claim against or Interest in Debtor and its respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under this Plan and whether or not such Holder has accepted the Plan.

12.3. Discharge. Pursuant to Sections 363(f), 524, and 1141(d)(1) of the Bankruptcy Code, and except as otherwise specifically provided in this Plan or the Confirmation Order, as of the Effective Date, Confirmation shall discharge and release Debtor and its Estate, and all property of Debtor and its Estate from any and all Claims, debts, liens, security interests, encumbrances and Interests that arose before the Confirmation Date including, but not limited to, all principal and any interest accrued thereon, and all liabilities in respect thereof shall be extinguished completely. The

Distributions of cash and other property or other performance under this Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims against and Interests in Debtor, or any of its assets or properties that arose prior to the Confirmation Date, including any Claim for interest accruing after the Petition Date and prior to the Effective Date. On and after the Effective Date, except as specifically provided in this Plan, all holders of Claims and Interests arising prior to the Confirmation Date shall be permanently barred and enjoined from asserting against any Debtor, or its assets any other or further Claims or Interest that arose prior to the Confirmation Date, including Claims based on any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date.

12.4. Exculpations and Injunctions; Partial Release of ZBA-Related Claims.

12.4.1. Exculpations. Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, Debtor, Interim CEO Ronald L. Glass, CFO James L. Mauck, Jr. and Debtor's general bankruptcy counsel -- Berger Singerman, P.A. and Foltz Martin, LLC and each of their respective employees (collectively, the "*Exculpated Parties*"), shall be deemed to have been released by all holders of Claims or Interests, of and from any Claims, obligations, rights, causes of action and liabilities for any act or omission occurring from and after the Petition Date in connection with, or arising out of, this Chapter 11 Case, including, without limiting the generality of the foregoing, any sales of assets of some or all of Debtor's Estate, the negotiation of the terms of the Plan and the Disclosure Statement, the pursuit of approval of the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan, and the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which constitute bad faith, willful misconduct, self-dealing, breach of fiduciary duty, or gross negligence, and all such Persons, in all respects, shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan and under the Bankruptcy Code. Notwithstanding anything herein to the contrary, the exculpations and releases provided for herein shall not apply to any acts or omissions that occurred prior to the Petition Date, and for the avoidance of doubt, the defined term "*Exculpated Parties*" does not include Daniel J. Miles or his Chapter 7 bankruptcy estate, Case No. 09-92601-MHM, which case is also pending before the Bankruptcy Court, Franco Rizzolo and any "*insider*" of Debtor (other than Ronald L. Glass and James L. Mauck, Jr., above) as that term is defined in section 101(31)(B) of the Bankruptcy Code.

12.4.2. Injunctions. As of the Confirmation Date, except as otherwise provided in the Plan or the Confirmation Order, any Persons that have held, currently hold, or may hold a Claim, Interest, or other debt or liability that is treated pursuant to the terms of the Plan are enjoined from taking any of the

following actions on account of any such Claims, Interests, debts, or liabilities, other than actions brought to enforce any rights or obligations under the Plan, against Debtor or property of Debtor's Estate, the Plan Administrator (or any of the foregoing parties' respective affiliates): (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any lien or encumbrance; (iv) asserting a setoff or right of recoupment of any kind against any debt, liability, or obligation; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. Notwithstanding the foregoing, the Plan does not release, impair, waive, or serve as any impediment whatsoever of the prosecution of the Avoidance Actions and Causes of Action.

12.4.3. Partial Release of ZBA-Related Claims. Claims in respect of operation of the ZBA will not be asserted by MPI against Interim CEO Ronald L. Glass or MPI's Chief Financial Officer James L. Mauck, Jr. Mr. Glass and Mr. Mauck were retained by MPI as CRO and CFO in March, 2009 and September, 2007, respectively. Mr. Glass was retained approximately 10 years after the ZBA had been in place and was instrumental in and responsible for closing down the ZBA and reconciling the various accounts between and among Debtors, Affiliated Debtors and non-Debtor affiliates. Mr. Mauck was retained as CFO approximately 8 years after the ZBA had been in place and, in addition to working to reconcile the intercompany claims that had arisen as a result of operation of the ZBA and introducing other internal cash-related controls, and in retaining Tatum to assist with completing bank reconciliations and other cash-related internal control improvements, worked directly and extensively with Mr. Glass (and GlassRatner) in his capacity as CRO and MPI's legal counsel in closing down the ZBA and making final reconciliations of the various intercompany accounts between and among Debtors, Affiliated Debtors and non-Debtor affiliates. Regardless, as it relates to Mr. Glass and Mr. Mauck, a full and complete exculpation of any liability will be provided to them through the Confirmation Order as it relates to the ZBA. Specifically, each of Mr. Glass and Mr. Mauck will be relieved of any liability from any claim(s) that might be asserted against either or both of them by any person or entity, including but not limited to MPI, Affiliated Debtors or non-Debtor affiliates in any way relating to or in connection with the ZBA including, but not limited to, negligence and breach of fiduciary duties.

ARTICLE 13
RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order, the occurrence of the Effective Date, and the transfer of the Available Cash to the Plan Administrator, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Case after the Effective Date to the fullest extent legally permissible, including jurisdiction to, among other things:

(a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Expense Claim, and the resolution of any and all objections to the allowance or priority of all Claims;

(b) Hear and determine any and all Avoidance Actions and Causes of Action against any Person and rights of Debtor that arose before or after the Petition Date, including, but not limited to, the rights and powers of a trustee and debtor-in-possession, against any Person whatsoever, including, but not limited to, all avoidance powers granted to Debtor under the Bankruptcy Code and all causes of action and remedies granted pursuant to sections 502, 506, 510, 541, 542, 543, 544, 545, 547 through 551 and 553 of the Bankruptcy Code, and also with respect to claims Debtor has or may have against third parties including Debtor's former officers and directors in connection with or related to the ZBA system previously employed by Debtor, Affiliated Debtors and non-Debtor affiliates;

(c) Grant or deny any applications for allowance of compensation for professionals authorized pursuant to the Bankruptcy Code or the Plan;

(d) Resolve any matters relating to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which Debtor is a party or with respect to which Debtor may be liable, including, without limitation, the determination of whether such contract is executory for the purposes of section 365 of the Bankruptcy Code, and hear, determine and, if necessary, liquidate any Claims arising therefrom;

(e) Enter orders approving the Plan Administrator's disposition of the Available Cash;

(f) Ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

(g) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications

involving Debtor that may be pending in the Chapter 11 Case on the Effective Date;

(h) Hear and determine matters concerning state, local or federal taxes in accordance with sections 346, 505 or 1146 of the Bankruptcy Code;

(i) Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and the Confirmation Order;

(j) Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or the Confirmation Order;

(k) Permit Debtor, to the extent authorized pursuant to section 1127 of the Bankruptcy Code, to modify the Plan or any agreement or document created in connection with the Plan, or remedy any defect or omission or reconcile any inconsistency in the Plan or any agreement or document created in connection with the Plan;

(l) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

(m) Enter and enforce such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, or Distributions pursuant to the Plan are enjoined or stayed;

(n) Determine any other matters that may arise in connection with or relating to the Plan or any agreement or the Confirmation Order;

(o) Enter any orders in aid of prior orders of the Bankruptcy Court; and

(p) Enter a final decree closing the Chapter 11 Case.

ARTICLE 14

ACCEPTANCE OR REJECTION OF THE PLAN

14.1. Persons Entitled to Vote. Class 1 is Unimpaired and is therefore deemed to have accepted the Plan and is not entitled to vote. Class 2 is Impaired but will receive a Distribution under the Plan. Votes from Holders of Class 2 Claims will be solicited. Class 3 Interests will be cancelled pursuant to the Plan, and Holders of such Interests are

deemed pursuant to section 1126(g) of the Bankruptcy Code to have rejected the Plan. Votes from Holders of Class 3 Interests will not be solicited.

14.2. Acceptance by Impaired Classes. An Impaired Class of Claims shall have accepted the Plan if (i) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of at least two-thirds in amount of the Allowed Claims actually voting in such Class have voted to accept the Plan, and (ii) the Holders (other than any Holder designated under section 1126(e) of the Bankruptcy Code) of more than one-half in number of the Allowed Claims actually voting in such Class have voted to accept the Plan.

ARTICLE 15

MISCELLANEOUS PROVISIONS

15.1. Modification of the Plan. Subject to the restrictions on Plan modifications set forth in section 1127 of the Bankruptcy Code, Debtor reserves the right to alter, amend or modify the Plan before its substantial consummation.

15.2. Revocation of the Plan. Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If Debtor revokes or withdraws the Plan, or if Confirmation does not occur or if the Plan does not become effective, then the Plan shall be null and void, and nothing contained in the Plan or Disclosure Statement shall: (a) constitute a waiver or release of any Claims by or against, or any Interests in, Debtor; (b) constitute an admission of any fact or legal conclusion by Debtor or any other Entity; or (c) prejudice in any manner the rights of Debtor in any further proceedings involving Debtor.

15.3. Governing Law. Unless a rule of law or procedure is supplied by (i) federal law (including the Bankruptcy Code and Bankruptcy Rules), or (ii) an express choice of law provision in any agreement, contract, instrument or document provided for, or executed in connection with the Plan, the rights and obligations arising under the Plan and any agreements, contracts, documents and instruments executed in connection with the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia without giving effect to the principles of conflict of laws thereof.

15.4. No Admissions. If confirmation of the Plan or the Effective Date does not occur, nothing contained in the Plan or Disclosure Statement shall be deemed as an admission by Debtor with respect to any matter set forth herein or therein including, without limitation, liability on any Claim or the propriety of any Claim's classification.

15.5. Severability of Plan Provisions. If, prior to confirmation of the Plan, any term or provision of the Plan that does not govern the treatment of Claims or Interests is held by the Bankruptcy Court to be invalid, void or unenforceable, at the request of

Debtor, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, Impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

15.6. Successors and Assigns. The rights, benefits and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

15.7. Exemption from Certain Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any security or the making or delivery of any instrument of transfer under this Plan may not be taxed under any law imposing a stamp tax, use tax, sales tax or similar tax. Any sale of any Asset of Debtor or its Estate occurring after or upon the Effective Date shall be deemed to be in furtherance of this Plan.

15.8. Preservation of Rights of Setoffs. Debtor, through the Plan Administrator, may, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to this Plan in respect of such Claim, claims of any nature whatsoever that Debtor may have against the Holder of such Claims; but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by Debtor of any such claim that Debtor may have against such Holder.

15.9. Reservation of Rights/Preservation of Causes of Action. Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by Debtor with respect to the Plan or the Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of Debtor with respect to the holders of Claims or Equity Interests, whether prepetition or postpetition, prior to the Effective Date. Unless a claim or cause of action against a creditor, Equity Interest holder or other party is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order, Debtor expressly reserves such claim or cause of action for later adjudication by Plan Administrator, and therefore no preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, waiver estoppel (judicial,

equitable or otherwise) or laches shall apply to such claims or causes of action upon or after the Confirmation or consummation of the Plan based on the Disclosure Statement, the Plan, or the Confirmation Order, except where such claims or causes of action have been expressly waived, relinquished, released, compromised, or settled in the Plan or a Final Order. In addition, Debtor or Plan Administrator, as applicable, expressly reserves the right to pursue or adopt any claims not so waived, relinquished, released, compromised or settled that are alleged in any lawsuit in which Debtor is a defendant or an interested party, against any person or entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits. Any person to whom Debtor has incurred an obligation (whether on account of services, purchase, or sale of goods or otherwise), or who has received services from Debtor or a transfer of money or property of Debtor, or who has transacted business with Debtor, or leased equipment or property to or from Debtor should assume that such obligation, transfer, or transaction may be reviewed by Plan Administrator subsequent to the Effective Date and may, to the extent not theretofore expressly waived, relinquished, released, compromised, or settled, be the subject of an action after the Effective Date, whether or not (i) a proof of claim was filed against Debtor in this case; (ii) Debtor has objected to such proof of claim; (iii) a claim was included in Debtor's Schedules; or (iv) such scheduled Claim has not been objected to by Debtor or has been identified by Debtor as not disputed, contingent, or unliquidated.

15.10. Defenses with Respect to Unimpaired Claims. Except as otherwise provided in this Plan, nothing shall affect the rights and legal and equitable defenses of Debtor with respect to any Unimpaired Claim, including all rights in respect of legal and equitable defenses to setoff or recoupment against Unimpaired Claims.

15.11. No Injunctive Relief. Except as otherwise provided in the Plan or Confirmation Order, no Claim or Interest shall under any circumstances be entitled to specific performance or other injunctive, equitable, or other prospective relief.

15.12. Saturday, Sunday or Legal Holiday. If any payment or act under the 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.

15.13. Entire Agreement. This Plan sets forth the entire agreement and undertaking relating to the subject matter hereof and supersedes all prior discussions and documents. Debtor's Estate shall not be bound by any terms, conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof, other than as expressly provided for herein.

15.14. Notices. Any notice required or permitted to be provided under this Plan shall be in writing and served by either (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, freight prepaid, to be addressed as follows:

Counsel for Debtor

Berger Singerman, P.A.
350 East Las Olas Blvd.
Suite 1000
Fort Lauderdale, FL 33301
Tel: (954) 525-9900
Fax: (954) 523-2872
Attn: Brian K. Gart, Esq.
-and-
2650 North Military Trail
Suite 240
Boca Raton, FL 33431
Tel: (561) 241-9500
Fax: (561) 998-0028
Attn: Paul A. Avron, Esq.

and

Foltz Martin, LLC
Georgia Bar No. 191817
5 Piedmont Center, Suite 750
Atlanta, GA 30305-1541
Tel: (404) 231-9397
Fax: (404) 237-1659
Attn: Jimmy C. Luke, II

Dated: March 22, 2011

Berger Singerman, P.A.
Brian K. Gart, Esq.
bgart@bergersingerman.com
350 East Las Olas Blvd.
Suite 1000
Fort Lauderdale, FL 33301
Tel: (954) 525-9900
Fax: (954) 523-2872

and

Paul A. Avron, Esq.
pavron@bergersingerman.com
2650 North Military Trail
Suite 240
Boca Raton, FL 33431
Tel: (561) 241-9500
Fax: (561) 998-0028

and

Foltz Martin, LLC
Jimmy C. Luke, II
jluke@foltzmartin.com
Georgia Bar No. 191817
5 Piedmont Center, Suite 750
Atlanta, GA 30305-1541
Telephone: (404) 231-9397
Facsimile: (404) 237-1659
Co-Counsel for Debtor

Dated: March 22, 2011

Miles Properties, Inc.

By: /s/
Name: Ronald L. Glass
Title: Interim Chief Executive
Officer

EXHIBIT “B”

**Exhibit B - List of Executory Contracts & Unexpired
Leases that will be Assumed by Debtor**

| Name of Contract Counterparty | Cure Amount |
|--|--------------------|
| ADP, Inc. One ADP Boulevard Roseland, NJ 07068 | \$ - |
| Atlanta Data Storage 5405 Buford Highway, NW Suite 120 Norcross, GA 30071 | \$ 598.95 |
| Chubb Group of Insurance Companies Crime Policy - Policy #68013764 15 Mountain View Road Warren, NJ 07059 | \$ - |
| Commamerica Consulting, Inc. 3106 Alexander Circle NE Atlanta, GA 30326 | \$ - |
| Data Protection Services, LLC 211 East Thomas Street Hammond, LA 70401 | \$ 5,201.22 |
| Hediger Enterprises, Inc. (as assignee of Carroll Property Management, LLC) Asset Purchase Agreement Dated 8/2/10 301 North Main Street Suite 1901 Greenville, SC 29601 | \$ - |
| I-Business Network 810 Franklin Court Suite J Marietta, GA 30067 | \$ - |
| Kirkman Consulting, Inc. 351 Fairway Circle Monroe, GA 30656 | \$ - |
| Travelers Casualty and Surety Company of America ERISA Policy - Policy #103547693 1 Tower Square Hartford, CT 06183 | \$ - |
| Travelers Casualty and Surety Company of America D&O 2 Year Tail Coverage Policy Policy #104919674 1 Tower Square Hartford, CT 06183 | \$ - |
| Westchester Fire Insurance Company (1) D&O Policy - Policy #G24126298001 1325 Avenue of the Americas 19th Floor New York, NY 10019 | \$ - |
| Yardi Systems, Inc. 430 South Fairview Ave Santa Barbara, CA 93117 | \$ - |

(1) THE WESTCHESTER FIRE INSURANCE COMPANY D&O POLICY EXPIRES ON 4/19/2011. DEBTOR IS CURRENTLY IN THE PROCESS OF EITHER EXTENDING THE CURRENT POLICY OR SECURING A NEW POLICY FOR THE PERIOD OF TIME BETWEEN 4/19/2011 AND THE EFFECTIVE DATE. DEBTOR WILL REVISE THE EXHIBIT B ACCORDINGLY PENDING THE OUTCOME OF SUCH EXTENSION OR PROCUREMENT OF A NEW POLICY.

EXHIBIT “C”

EXHIBIT "C"
Payments to Creditors Within 90 Days of the Petition Date

| Name of Debtor | Name of Recipient of Payment/Transfer | Date of Payment/Transfer | Amount of Payment/Transfer |
|------------------------|--|---|-----------------------------------|
| Miles Properties, Inc. | ADP | 10/28/09, 11/9/09, 11/30/09, 1/4/10 10/14/09, 10/28/09, 11/6/09, 11/30/09, 12/15/09, 12/28/09 | \$14,958.61 |
| Miles Properties, Inc. | ALCCO | 10/28/09, 11/30/09 | \$1,471,288.92 |
| Miles Properties, Inc. | Blue Cross Blue Shield | 10/28/09 | \$92,328.35 |
| Miles Properties, Inc. | Blue Cross Blue Shield of GA | 11/17/09, 12/22/09 | \$152,738.25 |
| Miles Properties, Inc. | Broadriver Communication Corp. | 11/5/09, 11/30/09, 1/5/10, 12/4/09 12/4/09 | \$9,217.49 |
| Miles Properties, Inc. | Cain & David, P.C. | 10/27/09, 11/30/09 | \$15,750.00 |
| Miles Properties, Inc. | Cisco Systems Capital Corporation | 11/24/09, 11/30/09, 1/4/10 | \$10,986.96 |
| Miles Properties, Inc. | Data Protection Services | 10/28/09, 11/17/09, 12/22/09 | \$16,291.00 |
| Miles Properties, Inc. | Dental Insurance Co. | 10/12/09, 11/3/09, 11/30/09, 1/4/10 12/23/09 | \$17,439.57 |
| Miles Properties, Inc. | Federal Express | 11/16/09, 12/29/09 | \$5,901.18 |
| Miles Properties, Inc. | Fusco Consulting | 11/30/09, 1/4/10 | \$7,861.00 |
| Miles Properties, Inc. | I-Business Network | 10/29/09, 11/17/09, 11/30/09, 1/4/10 10/8/09, 11/9/09, 11/17/09, 11/30/09, 12/3/09, 12/22/09, 12/23/09 | \$44,807.80 |
| Miles Properties, Inc. | Iron Mountain Fulfillment Svcs | 11/17/09 | \$11,678.20 |
| Miles Properties, Inc. | Jackson Lewis | 11/13/09, 11/19/09, 11/24/09 11/10/09 | \$25,431.95 |
| Miles Properties, Inc. | Kirkman Consulting | 10/13/09, 11/17/09, 11/30/09, 1/4/10 | \$11,865.00 |
| Miles Properties, Inc. | Office Depot | 12/3/09, 12/22/09, 12/23/09 | \$12,784.02 |
| Miles Properties, Inc. | Office Equipment Financial Svc | 10/13/09, 11/19/09, 11/24/09 | \$16,602.62 |
| Miles Properties, Inc. | Patriot Properties | 11/10/09 | \$9,234.33 |
| Miles Properties, Inc. | Premier Global Services | 10/21/09, 11/30/09, 12/17/09 | \$7,186.04 |
| Miles Properties, Inc. | Purchase Power | 10/20/09, 11/17/09, 11/30/09, 1/4/10 11/3/09, 11/9/09 | \$7,215.90 |
| Miles Properties, Inc. | Sprint | 10/28/09, 11/09, 11/17/09, 12/22/09 10/26/09 | \$7,249.19 |
| Miles Properties, Inc. | Standard Insurance | 10/26/09, 11/5/09, 11/9/09, 11/25/09, 11/30/09, 12/10/09, 12/18/09, 1/4/10 10/16/09, 10/23/09, 10/30/09, 11/5/09, 11/13/09, 11/20/09, 11/30/09, 12/3/09, 12/11/09, 12/18/09 | \$8,529.60 |
| Miles Properties, Inc. | Sungard Availability Services | 11/13/09 | \$19,120.23 |
| Miles Properties, Inc. | Swerdlin & Company | 11/13/09 | \$7,447.85 |
| Miles Properties, Inc. | Tambera Watkins | 11/13/09 | \$8,127.17 |
| Miles Properties, Inc. | Wage Hour Division | 11/3/09 | \$10,608.50 |
| Miles Properties, Inc. | XL Insurance | 11/9/09, 1/4/10 | \$6,927.72 |
| Miles Properties, Inc. | Yardi | | \$40,722.32 |
| SUBTOTAL | | | \$2,070,299.77 |

EXHIBIT “D”

Miles Properties, Inc.
Liquidation Analysis - Exhibit D
3/22/11

Chapter 7 Liquidation

Assets as of 3/22/11

| | | |
|---|----|------------------|
| Cash - Operating Accounts | \$ | 598,911 |
| Cash - Berger Singerman Holdback Escrow Account (1) | | 130,245 |
| Cash - GL Deductible Escrow Account (2) | | 74,723 |
| Petty Cash | | 200 |
| Glass Ratner Retainer | | 22,101 |
| Berger Singerman Escrow (3) | | 128,500 |
| Office Security Deposit (4) | | 18,827 |
| Due From Properties (5) | | 52,611 |
| Fee-Based Payments (6) | | 124,729 |
| Proceeds from Affiliated Debtors' Estates (7) | | 14,892 |
| Proceeds from Equipment Sale (8) | | 10,000 |
| Total Assets | | <u>1,175,739</u> |

Liquidation Costs

| | |
|---|----------------|
| Estimated Unpaid Administrative Claims (9) | 386,094 |
| Chapter 7 Trustee Fees (10) | 39,737 |
| Estimated Professional Fees - Chapter 11 Prior to Conversion (11) | 328,571 |
| Estimated Professional Fees - Chapter 7 Trustee | <u>125,000</u> |
| Total Liquidation Costs | <u>879,402</u> |

| | |
|--|----------------|
| Payments Available to Class 2 - General Unsecured Claims | <u>296,337</u> |
|--|----------------|

| | |
|------------------------------------|------------|
| Class 2 - General Unsecured Claims | 26,452,313 |
|------------------------------------|------------|

| | |
|----------------------|------|
| Estimated Recovery % | 1.1% |
|----------------------|------|

Chapter 11 Liquidating Plan

Assets as of 3/18/2011

| | | |
|---|----|------------------|
| Cash - Operating Accounts | \$ | 598,911 |
| Cash - Berger Singerman Holdback Escrow Account (1) | | 130,245 |
| Cash - GL Deductible Escrow Account (2) | | 74,723 |
| Petty Cash | | 200 |
| Glass Ratner Retainer | | 22,101 |
| Berger Singerman Escrow (3) | | 128,500 |
| Office Security Deposit (4) | | 18,827 |
| Due From Properties (5) | | 52,611 |
| Fee-Based Payments (6) | | 124,729 |
| Proceeds from Affiliated Debtors' Estates (7) | | 14,892 |
| Proceeds from Equipment Sale (8) | | 10,000 |
| Total Assets | | <u>1,175,739</u> |

Liquidation Costs

| | |
|---|----------------|
| Estimated Unpaid Administrative Claims (12) | 422,413 |
| Estimated Professional Fees (13) | <u>398,571</u> |
| Total Liquidation Costs | <u>820,984</u> |

| | |
|--|----------------|
| Payments Available to Class 2 - General Unsecured Claims | <u>354,755</u> |
|--|----------------|

| | |
|------------------------------------|------------|
| Class 2 - General Unsecured Claims | 26,452,313 |
|------------------------------------|------------|

| | |
|----------------------|------|
| Estimated Recovery % | 1.3% |
|----------------------|------|

| | |
|---|------------------|
| Excess Payments Available Under Chapter 11 Liquidating Plan versus Chapter 7 Liquidation | <u>\$ 58,418</u> |
|---|------------------|

Notes:

(1) This amount reflects funds escrowed for the 20% holdback related to Berger Singerman's first through eleventh fee applications.

(2) This amount reflects funds escrowed for property-level LLC general liability insurance claims incurred against Debtor's master insurance policy. These funds will be used to either pay deductibles as they come due or will be refunded back to the respective property-level LLC once the underlying claim is closed.

This corresponding liability is included within unpaid administrative claims.

(3) This amount includes \$112,500 received from Daniel J. Miles as noted in Section III(d)(i) of the Disclosure Statement. This amount also includes \$16,000 in proceeds received from the bankruptcy estates of MPI Eagles, LLC; MPI Ashley, LLC; MPI Reserve, LLC and MPI Hunters, LLC.

(4) This amount reflects the security deposit held by the landlord for Debtor's corporate office space. This amount is generally refundable to Debtor absent any damage to the corporate office space once vacated by Debtor.

(5) This amount generally reflects receivables from certain non-Debtor affiliate property-level LLCs for payroll and management fees incurred in the second and third quarters of 2010, among other items. Debtor believes that these amounts are generally collectible within the next twelve months.

(6) This amount reflects projected future fee-based payments earned pursuant to Debtor's sale of certain management contracts to Hediger Enterprises, Inc.

(7) This amount reflects estimated distributions to general unsecured creditors from the bankruptcy estates of MPI Cimarron, LLC; MPI Azalea, LLC and Miles-Oak Park, LLC.

(8) See *Order Authorizing Debtor to Sell Equipment and Furniture* dated March 2, 2011 (Doc. No. 1022).

(9) This amount includes unpaid administrative claims as of March 22, 2011 and projected administrative claims through April 29, 2011, which is the assumed Chapter 7 conversion date for purposes of this analysis.

(10) Calculated pursuant to 11 U.S.C. section 326(a). That statute provides that the trustee's services may be paid in an amount not to exceed 25% on the first \$5,000 or less, 10% on any amount in excess of \$5,000 but not in excess of \$50,000, 5% on any amount in excess of \$50,000 but not in excess of \$1,000,000, and reasonable compensation not to exceed 3% of such moneys in excess of \$1,000,000, upon all moneys disbursed or turned over in the case by the trustee to parties in interest, excluding Debtor, but including holders of secured claims.

(11) This amount includes unpaid professional fees through March 22, 2011 and estimated professional fees through April 29, 2011, which is the assumed Chapter 7 conversion date for purposes of this analysis.

(12) This amount includes unpaid administrative claims as of March 22, 2011 and projected administrative claims through May 27, 2011, which is the assumed Chapter 11 Effective Date for purposes of this analysis.

(13) This amount includes unpaid professional fees through March 22, 2011 and estimated professional fees through May 27, 2011, which is the assumed Chapter 11 Effective Date for purposes of this analysis.