DARVY MACK COHAN State Bar Number 056753
Attorney at Law
7855 Ivanhoe Avenue, Suite 400
La Jolla, California 92037
Telephone Number (858) 459-4432
Facsimile Number (858) 454-3548
email: dmc@cohanlaw.com

ELKINGTON SHEPHERD LLP
SALLY J. ELKINGTON State Bar Number 142619
JAMES A. SHEPHERD State Bar Number 264400
409 - 13th Street, 10th Floor
Oakland, California 94612
Telephone Number (510) 465-0404
Facsimile Number (510) 465-0202
email: Sally@ElkingtonLaw.com
email: Jim@ElkingtonLaw.com

Proposed Attorneys for Debtors
and Debtors in Possession

KORNFIELD, NYBERG, BENDES & KUHNER, P.C.
ERIC A. NYBERG, ESQ. State Bar Number. 131105
CHRIS D. KUHNER, ESQ. State Bar Bar Number 173291
1970 Broadway, Suite 225
Oakland, California 94612
Telephone: (510) 763-1000
Facsimile: (510) 273-8669
Email: e.nyberg@kornfieldlaw.com
Email: c.kuhner@kornfieldlaw.com

Attorneys for Creditor Virtua Partners, LLC

UNITED STATES BANKRUPTCY COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

In re	)	**Lead Bankruptcy Case No.** 15-42359 WJL
	)	Jointly administered with
NNN Met Center 15 39, LLC,	)	
a Delaware Limited Liability Company,	)	Bankruptcy Case No. 15-42361
	)	Bankruptcy Case No. 15-42362
Debtor and Debtor in Possession.	)	Bankruptcy Case No. 15-42363
	)	Bankruptcy Case No. 15-42365
And Jointly Administered Cases	)	Bankruptcy Case No. 15-42366
	)	Bankruptcy Case No. 15-42368
	)	Bankruptcy Case No. 15-42369
■ Applies to All Cases	)	Bankruptcy Case No. 15-42371

Ch 11 Bankruptcy Case Number 15-42359 WJL
Disclosure Statement Describing Jointly Proposed Original
Plan of Reorganization for Jointly Administered Cases Dated November 30, 2015

	)	Bankruptcy Case No. 15-42372
☐ Applies to Met Center 15, LLC	)	Bankruptcy Case No. 15-42374
☐ Applies to Met Center 15 4, LLC	)	Bankruptcy Case No. 15-42375
☐ Applies to Met Center 15 5, LLC	)	Bankruptcy Case No. 15-42377
☐ Applies to Met Center 15 6 LLC	)	Bankruptcy Case No. 15-42378
☐ Applies to Met Center 15 7, LLC	)	Bankruptcy Case No. 15-42380
☐ Applies to Met Center 15 8, LLC	)	Bankruptcy Case No. 15-42382
☐ Applies to Met Center 15 9, LLC	)	Bankruptcy Case No. 15-42383
☐ Applies to Met Center 15 10, LLC	)	Bankruptcy Case No. 15-42385
☐ Applies to Met Center 15 11, LLC	)	Bankruptcy Case No. 15-42387
☐ Applies to Met Center 15 12, LLC	)	Bankruptcy Case No. 15-42389
☐ Applies to Met Center 15 13, LLC	)	Bankruptcy Case No. 15-42391
☐ Applies to Met Center 15 16, LLC	)	Bankruptcy Case No. 15-42393
☐ Applies to Met Center 15 18, LLC	)	Bankruptcy Case No. 15-42394
☐ Applies to Met Center 15 19, LLC	)	Bankruptcy Case No. 15-42395
☐ Applies to Met Center 15 20, LLC	)	Bankruptcy Case No. 15-42396
☐ Applies to Met Center 15 21, LLC	)	Bankruptcy Case No. 15-42397
☐ Applies to Met Center 15 22, LLC	)	Bankruptcy Case No. 15-42400
☐ Applies to Met Center 15 23, LLC	)	Bankruptcy Case No. 15-42401
☐ Applies to Met Center 15 25, LLC	)	Bankruptcy Case No. 15-42404
☐ Applies to Met Center 15 26, LLC	)	Bankruptcy Case No. 15-42405
☐ Applies to Met Center 15 28, LLC	)	Bankruptcy Case No. 15-42406
☐ Applies to Met Center 15 29, LLC	)	Bankruptcy Case No. 15-42407
☐ Applies to Met Center 15 30, LLC	)	Bankruptcy Case No. 15-42408
☐ Applies to Met Center 15 31, LLC	)	
☐ Applies to Met Center 15 32, LLC	)	
☐ Applies to Met Center 15 33, LLC	)	Chapter 11
☐ Applies to Met Center 15 34, LLC	)	
☐ Applies to Met Center 15 35, LLC	)	**DISCLOSURE STATEMENT DESCRIBING JOINTLY PROPOSED PLAN OF REORGANIZATION FOR JOINTLY ADMINISTERED CASES DATED NOVEMBER 30, 2015**
☐ Applies to Met Center 15 36, LLC	)	
☐ Applies to Met Center 15 38, LLC	)	
☐ Applies to Met Center 15 40, LLC	)	
☐ Applies to Met Center 15 41, LLC	)	
	)	
Debtors and Debtors in Possession	)	**Disclosure Statement Hearing Date**
	)	Date: January 6, 2016
	)	Time: 10:30 AM
	)	Place: 1300 Clay Street
	)	Room 220
	)	Oakland, CA 94612
	)	Judge: The Hon. William J. Lafferty

Plan Confirmation Hearing Date
Date: (To Be Set)
Time:
Place: 1300 Clay Street
Room 220
Oakland, CA 94612
Judge: The Hon. William J. Lafferty

TABLE OF CONTENTS

Case: 15-42359 Doc# 88 Filed: 11/30/15 Entered: 11/30/15 15:05:14 Page 4 of 46

I.

INTRODUCTION

This Jointly Proposed Plan of Reorganization for Jointly Administered Cases (the "Plan"), encompasses thirty-three voluntary bankruptcy petitions (each a "Petition") under Chapter 11 of the Bankruptcy Code (the "Code") separately filed by tenants in common (collectively, the "Debtors," and each a "TIC Owner") that undivided interests in that certain commercial real property commonly known as "Met Center 15", situated at 7301 Metro Center Dr., Austin, Texas 78744 (the "Property").

On July 31, 2015, (the "Petition Date") the following TIC Owners each filed a Petition commencing their respective Chapter 11 Bankruptcy Case ("Case" and collectively "Cases"): NNN Met Center 15, LLC, NNN Met Center 15 4, LLC, NNN Met Center 15 5, LLC, NNN Met Center 15 6, LLC, NNN Met Center 15 7, LLC, NNN Met Center 15 8, LLC, NNN Met Center 15 9, LLC, NNN Met Center 15 10, LLC, NNN Met Center 15 11, LLC, NNN Met Center 15 12, LLC, NNN Met Center 15 13, LLC, NNN Met Center 15 16, LLC, NNN Met Center 15 18, LLC, NNN Met Center 15 19, LLC, NNN Met Center 15 20, LLC, NNN Met Center 15 21, LLC, NNN Met Center 15 22, LLC, NNN Met Center 15 23, LLC, NNN Met Center 15 25, LLC, NNN Met Center 15 26, LLC, NNN Met Center 15 28, LLC, NNN Met Center 15 29, LLC, NNN Met Center 15 30, LLC, NNN Met Center 15 31, LLC, NNN Met Center 15 32, LLC, NNN Met Center 15 33, LLC, NNN Met Center 15 34, LLC, NNN Met Center 15 35, LLC, NNN Met Center 15 36, LLC, NNN Met Center 15 38, LLC, NNN Met Center 15 39, LLC, NNN Met Center 15 40, LLC, and NNN Met Center 15 41, LLC. On August 12, 2015, the Bankruptcy Court (the "Court") entered its Amended Order For Joint Administration of Cases [Docket No. 16],[1] consolidating the Cases for procedural purposes and jointly administering the Cases under the above-captioned Lead Bankruptcy Case, *NNN Met Center 15 39, LLC, A Delaware Limited Liability Company,* Case Number 15-

[1] All references to "Docket No. __" herein made are to the Docket in the Lead Case, *NNN Met Center 15 39, LLC, A Delaware Limited Liability Company,* Case Number 15-42359 WJL

Case: 15-42359 Doc# 88 Filed: 11/30/15 Entered: 11/30/15 15:05:14 Page 5 of 46

42359 WJL, pursuant to which this single Jointly Proposed Chapter 11 Plan of Reorganization for Jointly Administered Cases Dated November 30, 2015 is filed. The Plan is Jointly Proposed by Debtors and Virtua Partners, LLC, (hereinafter "Virtua"), a creditor in these Chapter 11 proceedings. Debtors and Virtua are collectively referred to as the "Plan Proponents" or the"Proponents". By this Plan, the Plan Proponents propose and intend to cure all defaults, as allowed under the Bankruptcy Code § 1123(a)(5)(G),[2] and to pay all Plan Debt, including administrative expenses and Priority Tax Claims, Allowed Secured Claims determined in accordance with *In re Entz-White Lumber and Supply, Inc.,* 850 F,2d 1338 (9th Cir. 1988), and all Allowed Unsecured Claims, in full, on the Effective Date of the Plan.

THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE PLAN WHICH IS ENCLOSED IN THE SAME ENVELOPE, AND IS PROVIDED TO HELP YOU UNDERSTAND THE PLAN.

This is a reorganization plan. By this Plan, the Plan Proponents intend to effectuate that Tenants-in-Common Reorganization Agreement made effective May 12, 2014, (the "Prepetition Reorganization Agreement") a true and correct redacted[3] copy of which is appended hereto as Exhibit "A," and by reference incorporated, herein. The Plan proposes to cure all defaults as allowed by Bankruptcy Code § 1123(a)(5)(G), to pay all administrative expenses and all Allowed Claims on the Effective Date of the Plan through the refinancing of the Property as contemplated by the Plan. The Prepetition Reorganization Agreement is listed as an Executory Contract in Schedule G filed by each of the Debtors in its Case. [Docket No. 26]. The parties to the Prepetition Reorganization Agreement are the Debtors, Virtua, and Breakwater Equity Partners,

---

[2] All references to the "Code" or "Bankruptcy Code," or to any "§ '__'" or "section '__'", thereof hereinafter made in this Disclosure Statement, unless specifically identified otherwise, are the Bankruptcy Code and to the provisions of the referenced section of 11 U.S.C.

[3] In the interest of efficiency for meaningful review and reduction of administrative expense, all agreements appended to this Disclosure Statement are so appended without the voluminous signatures of each of the parties thereto, or the duplication of referenced exhibits which are superceded by, or otherwise appended as Exhibits to this Disclosure Statement. Debtors' counsel, Darvy Mack Cohan, will forward complete, fully executed copies electronically to all interested parties upon request.

LLC (hereinafter "Breakwater"), with whom the Debtors also have an executory Consulting Services Agreement. Paragraph 2 of the Prepetition Reorganization Agreement contemplates that the Debtors shall roll-up into a New Entity as required for the refinancing of the Property. The roll-up of Debtors shall be accomplished through the consummation of the Plan as confirmed by the Court by the transfer of Debtors' respective tenancy interests in the Property to "MC 15 Members, LLC," a single-purpose limited liability company formed under the laws of the State of Texas, (hereinafter the "Reorganized Debtor") in an exchange, under Internal Revenue Code §721, for a membership interest in the Reorganized Debtor. The Reorganized Debtor shall thereafter, through a wholly owned single purpose entity formed to meet the requirements of the refinancing lenders, be the sole owner of the Property and will assume all of the Debtors' obligations under the Plan that are not paid as of the Effective Date for all purposes.

Debtors are single asset real estate entities by virtue of the mandate of the real estate syndication in which they were formed in or about August 22, 2005. Each of the Debtors is the owner of the respective undivided interest as a Tenant-in-Common in the Property as set forth on the List of Tenant-in-Common Owners and Affiliates, appended hereto as Exhibit "B," and by reference incorporated herein, having acquired its said interest therein as a part of said real estate syndication. Debtors together hold One Hundred percent (100%) of the ownership interest in the Property. By reason thereof, as well as Debtors' ownership of an undivided interest in the whole of the Property, this Plan proposes the financial reorganization of the debt secured by and otherwise incurred in and owing from the operation of the Property.

Pursuant to that certain "Tenants-in-Common Agreement" (the "TIC Agreement"), dated and recorded as of August 22, 2005, as Document No. 2005153512 in the of Official Public Records of Travis County, Texas, a true and correct copy of which is appended hereto as Exhibit "C," and incorporated herein by reference, which was also made as a part of the syndication, Debtors take no active part in the actual daily operational management of the Property. Rather until on or about March 1, 2013, the Property was managed by Daymark Realty Advisors, Inc., (hereinafter "Daymark"), as the successors in interest of the original syndicator, pursuant to a Management Agreement made as a part of the syndication, and thence through the

Petition Date and the date hereof, by National Asset Services, Inc. (hereinafter "NAS") under an Asset and Property Management Agreement, dated January 27, 2012, for management of the Property, a true and correct copy of which is appended hereto as Exhibit "D," and incorporated herein by reference.

The Property is currently encumbered by a Deed of Trust to secure repayment of a Promissory Note (hereinafter the "Note") for a loan originated by General Electric Capital Corporation as a part of the syndication, in the amount of $28,000,000.00, with a Maturity Date of September 1, 2012. The Note is currently held by Secured Creditor GECMC 2005-C4 Metro Center, LLC ("Lender").

In the course of the syndication, the syndicator and other responsible persons failed to disclose slab movement at the Property, problems with adjacent properties, defects and potential damage to the Property, and further failed to determine the nature and extent of the ground movement and additional problems affecting the Property. They also failed to disclose that they had filed insurance claims based upon the damage to the Property, had negotiated and reached an insurance settlement with the insurance carrier therefor, and misallocated the insurance settlement funds received from the carrier, leaving Met Center 15 with insufficient funds to remediate the problem. Because the Property had not yet been remediated, Debtors were unable to either sell or refinance the Property prior the September 1, 2012, Maturity Date of the Note.

A negotiated settlement of the subsequent litigation in the State of Texas in which the Debtors were involved was reached on or about October 22, 2014, resulting in the creation of an Insurance Proceeds Reserve Fund (the "IP Reserve") in the original amount of $2,272,459.35 held and administered by Lender for the specific purpose of remediation of the Property. Lender only recently agreed to release funds from the IP Reserve and the actual construction phase of remediation is now underway. Debtors believe that a balance of approximately $1,752,360.30 should been remaining in the IP Reserve as of the Petition Date which Lender has committed to expend for the remediation of the Property pursuant to a Cash Collateral Stipulation approved by the Court [Docket No. 76].

The Property consists of a commercial building, containing 257,600 square feet of rentable area, on 26. 83 acres of land. The building is 100% rented, on long term triple net leases, to two (2) large commercial

corporate tenants, Progressive Casualty Insurance Company and Waste Management, Inc., and generates net operating income of more than approximately $2,475,000 annually. Lender has filed its Proof of Claim herein in the amount of $26,166,208.81. [Claim No. 5], to which Debtors will object.

Significantly, since on or about the September 1, 2012, Maturity Date, Lender has been receiving the Property's rental income and revenues directly from the Property's tenants under the terms of a "Lockbox" agreement, and funding its operation directly to the third party property manager, at this time NAS. Accordingly, the Plan Proponents believe that upon proper allocation, a significant sum of money in excess of the operating costs of the Property and proper debt service should have accumulated and been held in the hands of Lender on the Petition Date. The Plan Proponents therefore believe, as hereinafter discussed in Paragraph III.C.2., below, that Lender's claim in these proceedings may be no more than approximately $18,371,543.82 **However, Lender disagrees.**

In any event, Lender is fully secured. While the value of the Property in its unremediated condition is depressed, according to Debtors' recent Appraisal Report, an abbreviated true copy of which is appended hereto as Exhibit "F," and incorporated herein by reference[4] as of August 13, 2015, within two (2) weeks of the Petition Date, the fair market value of the Real Property, as is, was $32,000,000, and when remediation is completed, the fair market value will be $36,600,000.

Of the $4,605,262 in unsecured debt listed on the Schedule F fled by each Debtor in its respective Case, [Docket No. 26] the sum of $3,555,757, or 77.21% of the total thereof, is attributable to executory contracts for services currently being rendered in the remediation of the Property. This sum becomes $4,440,745, or 98.8% of the total thereof, with the addition thereto of the monies owed to the agents and attorneys of the Debtors in connection with their services to the Debtors in the litigation and financial restructuring efforts prior to, or directly involved with the institution of these joint Chapter 11 proceedings. Accordingly, the body of affected creditors and parties in interest in these joint Chapter 11 proceedings is

---

[4] In that complete Apprisal Report is a voluminous report consisting of 158 page, only the Opinion and the Executive Summary portions of the Appraisal Report are set forth in Exhibit "F." Debtors' counsel, Darvy Mack Cohan, will make the full Appraisal Report available and forward it electronically to all interested parties upon request.

small, consisting primarily of the secured Lender, Debtors and persons or entities otherwise intimately familiar with the Property and its prepetition history and operation, Only $164,517, or 1.2% of the total debt is held by the few trade creditors who provided services to the Property and were otherwise paid on a monthly basis in the ordinary course of business. This Disclosure Statement is written with this fact in mind.

By this Plan, the Plan Proponents propose to and intend to cure all defaults, as allowed under the Bankruptcy Code § 1123(a)(5)(G), and to pay all administrative expenses and all Allowed Claims, in full, on the Effective Date of the Plan. The Plan will consolidate of all interests in the Property into a single limited liability company, which company will own, either directly or through a single Purpose Entity as required by the refinancing lenders, a 100% ownership interest in the Property and be the Reorganized Debtor under the Plan. Virtua has obtained new exit financing on the strength of the fair market value of the Property in an amount sufficient to pay all Allowed Claims and administrative expenses on the Effective Date of the Plan and to complete the remediation of the Property with a sufficient operating reserve for post confirmation operations.

The Effective Date of the proposed Plan is: (a) Subject to entry of the Confirmation Order; and (b) will occur on the date that the Refinancing Escrow is funded and Allowed Claims are paid.

A. Purpose of This Document

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

(1) WHO CAN VOTE OR OBJECT,

(2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOUR CLAIM WOULD RECEIVE IN LIQUIDATION,

(3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY,

(4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER OR NOT TO CONFIRM THE PLAN,

(5) WHAT IS THE EFFECT OF CONFIRMATION, AND

(6) WHETHER THIS PLAN IS FEASIBLE.

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own lawyer to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. If there are any inconsistencies between the Plan and the Disclosure Statement, **the Plan provisions will govern.**

The Code requires a Disclosure Statement to contain "adequate information" concerning the Plan. The Court has approved this document as an adequate Disclosure Statement, containing enough information to enable parties affected by the Plan to make an informed judgment about the Plan. Any party can now solicit votes for or against the Plan.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON DEBTORS AND ON ALL CREDITORS AND INTEREST HOLDERS IN THIS CASE.

1. Time and Place of the Confirmation Hearing

The hearing where the Court will determine whether or not to confirm the Plan will take place on _____, at 2:00 P.M., in Room 220 of the United States Bankruptcy Court, Northern District of California, located at 1300 Clay Street, Oakland, CA 94612.

2. Deadline For Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot and return the ballot in the enclosed envelope to:

DARVY MACK COHAN
Attorney at Law
7855 Ivanhoe Avenue, Suite 400
La Jolla, California 92037

Your ballot must be received by _____, 2015, or it will not be counted.

3. Deadline For Objecting to the Confirmation of the Plan

Objections to the confirmation of the Plan must be filed with the Court and served upon

DARVY MACK COHAN
Attorney at Law
7855 Ivanhoe Avenue, Suite 400
La Jolla, California 92037

by _____, 2015.

4. Identity of Person to Contact for More Information Regarding the Plan

Any interested party desiring further information about the Plan should contact counsel for the Debtor and Plan proponent, DARVY MACK COHAN, at the address and telephone number or facsimile number set forth in the caption, above.

C. Disclaimer

The financial data relied upon in formulating the Plan is not based upon any such financial information for the operation of the Property may have been formerly provided to Debtors by Daymark, as the onsite property manager until on or about March 1, 2013, including revenue information, if any at all, provided to Daymark by Lender Lender who has been in receipt and control of all rents and revenues from the Property since on or about September 1, 2012, all of which the Proponents consider to be inherently unreliable. Rather, it is based upon information provided by NAS under the terms of its Management Agreement with the Debtors, and the financial projections and forecasts prepared by Debtors' Responsible Person, Alan Sparks, Exhibit "E," as well as the real property appraisal report provided by Grant Mueller,

MAI, and David Thibodeaux, MAI, of CBRE, INC. Valuation and Advisory Services, appended hereto as Exhibit "F." The information contained in this Disclosure Statement is provided by Debtors' Responsible Person, Alan Sparks, based upon this financial data so provided, and is unaudited. The Plan Proponents represents that everything stated in the Disclosure Statement is true to the Proponents' best knowledge. The Court has not yet determined whether or not the Plan is confirmable and makes no recommendation as to whether or not you should support or oppose the Plan.

NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE PLAN PROPONENTS THAT ARE INCONSISTENT WITH ANYTHING CONTAINED HEREIN ARE AUTHORIZED EXCEPT TO THE EXTENT, IF AT ALL, THAT THE COURT ORDERS OTHERWISE.

II.

BACKGROUND

A. Description and History of the Debtor's Business

1. History of General Operations

Debtors' business is the ownership of commercial property. Debtors are each the owners of varying, undivided tenancy-in-common ("TIC") interests in the Property. *See,* Exhibit "B." The Property consists of a commercial building, containing 257,600 square feet of rentable area, on 26. 83 acres of land. The building is 100% rented, on long term triple net leases, to two (2) large commercial corporate tenants, Progressive Casualty Insurance Company and Waste Management, Inc., and generates net operating income of more than approximately $2,483,544 annually. Collectively, Debtors own 100% of the undivided interests as a tenant in common in the Property.

While Debtors participate in some management decisions, they were not intended to take any direct role in the daily operational management of the Property as a part of the real estate syndication that created them. Rather, the Property was to be managed by the syndicator, and its successor in interest, Daymark, under a Management Agreement. Daymark mismanaged the Property, but Debtors were unable to replace it as the third party property manager until in or about March 1, 2013,when Debtors, having previously obtained the services of NAS to be the property manager, were able to effectuate the transfer of the daily

operation and management of the Property.

Significantly, since on or about the September 1, 2012, when the Note matured, Lender has been receiving the Property's rental income and revenues directly from the Property's tenants under the terms of a "Lockbox" agreement, and funding its operation directly to NAS, as the third party property manager. Debtors' business operation, that of the rental of the Property, was not and is not under Debtors' direct control, but was intended to be, and was conducted under said Management Agreement.

According to the financial data provided by NAS, *see* Exhibit "E," and in light of the Appraisal Report, *see* Exhibit F, p. 9, which data Proponents deem to be more accurate, complete and reliable than the financial data previously provided by Daymark, the property has generated, and continues to generate net operating income of approximately $2,483,544, annually, and is 100% occupied.

2. **Remediation of the Property**

Debtors were unable to refinance or sell the Property prior to the September 1, 2012, Maturity Date of the Note due to the failures to disclose defects and potential damage to the Property in the course of the syndication through which Debtors acquired their respective interests in the Property, and the misallocation of the insurance settlement funds received from the carrier preventing remediation. However, The negotiated settlement of the prepetition litigation in the State of Texas arising therefrom in which the Debtors were parties resulted in the Insurance Proceeds Reserve Fund (the "IP Reserve") in the original amount of $2,272,459.35 held and to administered by Lender for the specific purpose of remediation of the Property. Debtors believe that a balance of approximately $1,752,360.30 should have been remaining in the IP Reserve as of the Petition Date, which sum Lender has committed to expend for the remediation of the Property pursuant to a Cash Collateral Stipulation approved by the Court [Docket No. 76]. Debtors have entered into the requisite prepetition contracts to accomplish the necessary remediation of the Property, and the remediation is not in the construction phase. The Reorganized Debtor will assume the remediation contracts upon Confirmation to complee the process. The Remediation Budget is appended hereto as Exhibit "G" and by reference incorporated herein.

3. Virtua Partners, LLC

Virtua is one of the Plan Proponents. Virtua offers and manages, and secures financing for high quality commercial real estate investments across the country. For the specific purpose of obtaining refinancing for the Property, Debtors entered into the Prepetition Reorganization Agreement, Exhibit "A," with Virtua, which Executory Contract will be assumed under the Plan. Pursuant to its obligations under and to effectuate the Prepetition Reorganization Agreement, Virtua advanced to Debtors the sum of $220,661 necessary for professional retainers and filing fees to commence these Chapter 11 proceedings. Virtua has obtained the commitments for the exit financing necessary to fund the Plan, Exhibits "I-1" and "I-2," paying all costs to date associated therewith. Virtua's members will provide guarantees for the loans, and will provide some additional services under the Prepetition Reorganization Agreement after Confirmation. Upon Confirmation. Virtua will receive a 20% membership interest in the Reorganized Debtor in addition to the repayment of its pre-petition advances.

4. Virtua High Growth Fund, LLC

In order to enter into the Prepetition Reorganization Agreement, Exhibit "A," Debtors were required to exercise the Call provision of Paragraph 11 of the TIC Agreement, Exhibit "C." The Call provision, among other things, requires any TIC Owner who does not agree to a sale or refinancing of the Property, or other action required to protect the Property, to sell its interest to the remaining TIC Ownesrs. Former NNN Met Center 15 27, LLC, (the "Former TIC") refused to agree to the Prepetition Reorganization Agreement as a means of curing the default on the Note owing to Lender, and a state court action entitled *NNN Met Center 15 4, LLC, et al. v. NNN Met Center 15 27, LLC* Cause No. D-1-GN 15-000978 (the "Call Litigation") was commenced to compel the Former TIC's specific performance of the Call provision.

The Call Litigation was settled on or about April 28, 2015, and pursuant to the settlement the Former TIC sold its 7.5% tenant-in-common interest (the "7.5% TIC Interest") in the Property to the Debtors for the sum of $253,275. Contemporaneously therewith, Debtors transferred the 7.5% TIC interest to Virtua High Growth Fund, LLC ("VHGF"), in consideration for its $253,275 funding of the settlement of the Call Litigation.. VHGF is not a single asset real estate entity, and by reason thereof would not participate in the

commencement of these Chapter 11 bankruptcy proceedings. Accordingly, so that 100% of TIC interests would be before the Court in these proceedings, VHGF transferred the 7.5% TIC Interest to NNN Met Center 15 21 LLC, in exchange for a $253,275 promissory note, and subject to an option to repurchase it.

Pursuant Paragraph 3 of the TIC Agreement, Exhibit "C," each TIC Owner is obligated for all of the debt associated with ownership and operation of the Property on a gross and not a net basis, and pursuant to Paragraph 12 of the TIC Agreement, each TIC Owner holds its interest for the benefit of every other TIC Owner as a covenant running with the land. By reason thereof NNN Met Center 15 21 is deemed to hold the 7.5% TIC Interest for the benefit of all of the Debtors, and accordingly, all of the Debtors are deemed to be indebted to VHGF upon the $253,275 promissory note therefor. While VHGF is accorded the treatment of a General Unsecured Creditor (Class 3) under the Plan, it may elect to exercise its option prior to Confirmation and in such event will receive a 4.650% membership Interest in the Reorganized Debtor in full satisfaction of its Class 3 Claim.

4. Breakwater Equity Partners, LLC

Breakwater Equity Partners, LLC, ("Breakwater") is a commercial real estate consulting firm providing commercial loan workout strategies and negotiations services to property owners and investors throughout the United States. In that capacity and for that purpose, it was retained by Debtors and entered into the Consulting Services Agreement dated December 31, 2012 with Debtors, and the Prepetition Reorganization Agreement , Exhibit "A," which executory contracts will be assumed under the Plan. Breakwater advised Debtors.

Breakwater advised Debtors and provided services in the negotiations with Lender for the restructuring of the loan after the Maturity Date, in the settlement of the prepetition litigation resulting in the IP Reserve, the contracting for remediation of the Property, the Call Litigation to enable the making of the Prepetition Reorganization Agreement and the refinancing of the Property. Breakwater, as an unsecured creditor, is owed $250,323, for unpaid consulting fees and advances, as well as a contingency success fee. Pursuant to its obligations under and to effectuate the Prepetition Reorganization Agreement, Breakwater has also assisted both Virtua and Debtors' counsel in providing administrative support to coordinate these jointly

administrated Cases and in obtaining the commitments for the exit financing necessary to fund the Plan. Upon Confirmation Breakwater Equity Partners will receive an 18% membership interest in the Reorganized Debtor in addition to the repayment of its pre-petition unsecured claim.

B. Principals/Affiliates And Insiders of Debtors' Business

Each of the Debtors is an "affiliate" of each of the other Debtors within the meaning of Bankruptcy Code section 101(2)(c), and accordingly, a Notice of Related Cases Pursuant to LBR 1015-1(b) has been filed in each of the Cases. [Docket No. 2] The principals of the Debtors, and their respective ownership interests in the Debtors, and the Debtors' respective interest as a Tenant in Common in the Property are set forth in the List of Tenant-in-Common Owners and Affiliates, appended hereto as Exhibit "B," and by reference incorporated herein. Debtors have requested that Alan Sparks be designated to the Responsible Individual for all of the jointly administered Debtors in these proceedings and Sponsors believe that the Bankruptcy Court will grant said request. While Mr. Sparks has been designated by each Debtor to be its Chief Restructuring Officer and a Manager, he has no Equity Interest in any Debtor.

Neither any of the individuals, principals and entities so listed in Exhibit "B," nor VHGF, nor Virtua, nor Breakwater, have received any compensation from the Debtors during the pendency of these jointly administered Chapter 11 proceedings. Whatever interest they may have, or benefit or recovery they may receive under the Plan, will be realized only upon Plan Confirmation by the Court and subsequent to the payment of the claims for administrative expense, and the prior claims of other creditors under the Plan.

C. Management of the Debtor Before and After the Bankruptcy

Prior to the commencement of these Chapter 11 proceedings, general business management of each Debtor was provided by its Sole Member, as listed in Exhibit "B," and management of the Property was provided by Daymark, through and until on or about March 1, 2013, and thence by NAS although to the date hereof. Management for the specific purpose of performance of the Debtors' duties in these Chapter 11 proceedings has been provided by Debtors' Responsible Individual, Alan Sparks.

Each Debtors' respective post petition business management will be similarly provided by its Sole

member. However, management of the Reorganized Entity will be provided by Virtua, [5] and post confirmation management of the Property will continue to be provided by NAS. NAS currently has under management other distressed former Chapter 11 tenant-in-common properties in the same business park as the Property, including Met Center 10. It is one of the nation's leading real estate asset management companies with extensive experience in the onsite management of distressed tenant-in-common properties.[6] NAS is competitively priced. The Asset and Property Management Agreement of NAS, listed as an Executory Contract in the Schedule G filed by each Debtor in its respective Case [Docket No. 26], is set forth in Exhibit "D," and by reference incorporated herein.

D. Events Leading to Chapter 11 Filings

Here is a brief summary of the circumstances that led to the filing of these Chapter 11 Cases: The factors necessitating the institution of these Chapter 11 proceedings were largely beyond Debtors' control, and had their geneses in the vey real property syndication through which Debtors acquired their interests in the Property. As a part of the syndication, the Property was encumbered by a Deed of Trust securing repayment of the $28,000,000 Note with a Maturity Date of September 1, 2012. Management of the Property was vested by contract in the syndicator, and its successor in interest, Daymark, who controlled one of the TIC Owners, and under the TIC Agreement, Exhibit "C," and loan documents, the Property's manager could not be changed without both the unanimous consent of the TIC Owners and approval of the lender.

However, in the course of the syndication, the syndicator and other responsible persons failed to disclose slab movement at the Property, problems with adjacent properties, defects and potential damage to the Property, and further failed to determine the nature and extent of the ground movement and additional problems affecting the Property. As the Property Manager, Daymark also failed to disclose that insurance

---

[5] Additional information regarding Virtua Partners, LLC, its management personnel and their experience, and its ownership and management portfolio, is available at www.virtuapartners.com

[6] Aditional information regarding Nation Asset Services, Inc. (NAS), its experience and management portfolio, is available at www.nasassets.com

claims based upon the damage to the Property had been filed, had been negotiated, and that an insurance settlement had been reached ith the insurance carrier therefor, but through its mismanagement, the insurance settlement funds received from the carrier had been misallocated, leaving Met Center 15 with insufficient funds to remediate the problem. Because the Property had not yet been remediated, Debtors were unable to either sell or refinance the Property prior the September 1, 2012, Maturity Date of the Note.

State court litigation was commenced in Texas to which Debtors were parties, and on or about December 31, 2012, Debtors engaged Beakwater as their consultant under a Consulting Services Agreement to assist them in the management of the litigation, its successful resolution, and in negotiation with Lender to cure the default under the Note by an extension thereof or the refinancing of the Property. A negotiated settlement of the Texas sate court litigation reached on or about October 22, 2014, resulting in the creation of an Insurance Proceeds Reserve Fund (the "IP Reserve") in the original amount of $2,272,459.35 held and administered by Lender for the specific purpose of remediation of the Property. Lender only recently agreed to release funds from the IP Reserve and the actual construction phase of remediation commenced immediately prior to the Petition Date.

Notwithstanding that since on about September 1, 2012, Lender had been in receipt and control of all of the rents and revenues of the Property under a “Lockbox” Agreement, that the Property was 100% rented to nationwide commercial tenants on a long term triple net basis and was returning net operating income of more than approximately $2,483,544, annually, and that remediation of the property was beginning based on the IP Reserve Fund which Lender controlled, Lender abruptly terminated workout discussions in late June, 2015, and on July 10, 2015, gave formal notice of a Substituted Trustee's Sale under Texas law, setting the sale date for August 4, 2015. Debtors were left with no option but to seek relief before the Bankruptcy Court to protect their respective investments and equity in, and to maintain and protect the value of the Property, and insure full payment to all of their creditors. The voluntary petitions, filed herein on July 31, 2015, were precipitated by the impending foreclosure by Lender and Debtors filed these Chapter 11 proceedings, staying the foreclosure sale under section 362(a) of the Code.

E. Significant Events During the Bankruptcy

1. Bankruptcy Proceedings

The following is a chronological list of significant events which have occurred during this case:

a. Debtors commenced these cases on July 31, 2015, (the "Petition Date"), by filing their voluntary petitions for relief under Chapter 11 of the Code. [Docket No. 1, and 52 (amending Petition in the Leading Bankruptcy Case on September 11, 2015)]. Debtors continue to operate their respective businesses as debtor in possession pursuant to sections 1107(a) and 1108 of the Code. This Court has jurisdiction over these Cases pursuant to 28 U.S.C. sections 1334 and 157. Venue is proper in this district pursuant to 28 U.S.C. sections 1408 and 1409.

b. On August 2, 2015, Debtors filed their Notice of Related Bankruptcy Cases [Docket No. 2].

c. On August 12, 2015, upon Debtor's *Ex Parte* Motion, the Court entered its Amended Order For Joint Administration of Cases [Docket No. 16], consolidating the Cases for procedural purposes and jointly administering the Cases under the Lead Bankruptcy Case, *NNN Met Center 15 39, LLC, A Delaware Limited Liability Company,* Case Number 15-42359 WJL.

d. On, August 15, 2015, Debtors filed their Schedules A through H and Statements of Financial Affairs in their each of their respective cases. [Docket Nos. 26, and 53 (amending Schedule A as to the Leading Bankruptcy Case on September 11, 2015)]

d. The First Meeting of Creditors was held and concluded on August 31, 2015.

e. The Court approved the Debtors employment of Darvy Mack Cohan, and he was appointed as the Debtors' Lead Bankruptcy Counsel pursuant to an order of the Court entered on September 9, 2015. [Docket No. 45]

e. The Court approved the Debtors employment of Elkington Shepherd LLP, by Sally J.

Elkington and James A. Shepherd, and they were appointed as Debtor's Local Bankruptcy Counsel pursuant to an order of the Court entered on September 14, 2015 [Docket No. 55].

f. The Court denied Debtors *Ex Parte* Motion for an Order setting October 30, as the Bar Date for Filing of Claims [Docket No. 39] at a Status Conference on September 3, 2015 [Docket No. __].

g. The Court approved the Stipulation between Debtors and Lender for the filing of Lenders Proof of Claim on or before October 30, 2015, by order of the Court entered on September 17, 2015 [Docket No. 58].

h. On September 22, 2015, the Court denied Lender's Motion for Change of Venue, and the order thereon was entered herein on September 24, 2015. [Docket No. 64].

i. The Court Approved the Stipulation between Debtors and Lender for the use of Cash Collateral on October 21, 2015, and the Order thereon was entered October 28, 2015 [Docket No. 76].

2. Other Legal Proceedings

Debtors are currently involved in no nonbankruptcy legal proceedings:

3. Actual and Projected Recovery of Preferential or Fraudulent Transfers

In light of the fact that the proposed Plan will cure all defaults and will pay 100% of all claims allowed by the Court upon the Effective Date, the review of Debtors' financial affairs by Debtors' counsel, and to the extent of the information provided by NAS upon Debtors' request therefor, has disclosed neither any preferential transfers under § 347 of the Bankruptcy Code, nor fraudulent transfers under § 348 of the Bankruptcy Code that would justify their additional and unnecessary administrative expense to pursue.

4. Procedures Implemented to Resolve Financial Problems

To attempt to fix the problems that led to the bankruptcy filing, Debtors have or will implemented the following procedures:

Debtors and Virtua, as the Plan Proponents, will consummate the Plan by completing the roll-up envisioned by the Prepetition Reorganization Agreement, Exhibit"A," and the refinancing of the Property

and payment, in full, of all Allowed Claims pursuant to the Plan on the Effective Date.

Debtors have undertaken the remediation of the Property pursuant pre-petition contracts therefore with qualified and licensed construction managers, engineers and general contractors. The Reorganized Debtor will assume the executory contracts with Principal Management Solutions, LLC for Remediation Construction Management Services, with Epsilon Engineering & Materials, LLC for Remediation Engineering Services, and with Set Construction, LLC for Remediation Construction General Contractor Services and under the Assignment Agreement with Lender to ensure that remediation of the Property continues and is completed in a workmanlike manner, paid for by Lender to the extent of the IP Reserve Fund, and in excess thereof by the specific reserve therefor created and maintained as a part of the exit refinancing of the Property, as set forth in Exhibit "I-1," hereto.[7] The Remediation Budget is appended hereto as Exhibit "G," and by reference incorporated herein.. Remediation of the Property, although currently hampered by adverse weather conditions, is underway and continuing. The completion of the remediation of the Property will increase its fair market value by a factor of 14.375%, from $32,000,000 to 36,600,000 as set forth in the Appraisal Report. Exhibit "F," p. 3.

The Reorganized Debtor will assume the contract with NAS, or with a similar professional property manager to provide professional management services to the Property. Among other things, the professional property manager collects all rents, pays all vendors and utilities, handles all maintenance responsibilities with respect to the Property, purchases and maintains all insurance on the Property, makes expenditures in the ordinary course of maintaining the property, and handles the leasing activities associated with the Property. The Debtors have no interest in, and the Reorganized Debtor will have no interest in NAS, nor will they hold any interest in any similar professional property manager. Having an experienced, independent third-party property manager, which is not affiliated with either the Debtors, ensures professional management of the Property for the benefit of the Debtors' bankruptcy estate and creditors. This professional

[7] Term Sheets for Refinancing are set forth in Exhibits "B-1" and "B-2" to the Plan and Exhibits "I-1" and "I-2" to this Disclosure Statement.

management maintains the value of the Property as a lender's collateral, and also ensures proper use of the lease revenues from the Property. This structure helps ensure that a lender's cash collateral is not subject to diversion or misuse, and that it is being used in accordance with the needs of the Property.

In the interim, the operation of the Property generates a significant cash flow, sufficient to pay the operating expenses of the Property on an ongoing basis, and to pay Lender in monthly installments as required under the terms of the Stipulation between Debtors and Lender for the use of Cash Collateral.

The Proponents reserve the right, and hereby give notice of their intent, to amend the Plan to reflect any changes in the economics of the Debtors, the Property and the remediation of the Property that will impact materially on their estates, the creditors, and the treatment of any Class of claim or equity holders under the Plan.

5. Current and Historical Financial Conditions

As set forth in Paragraph II.D, above, these Chapter 11 proceedings are the results of factors over which the Debtors had no control that had their genesis in the real property syndication through which Debtors acquired their interests in the Property. While because of the mismanagement of Property by Daymark, and the fact that Lender has been in possession and control of all of the income and receipts from the Property since on or about September 1, 2012, renders prior information unreliable, the fact remains that the building on the Property is 100% rented, on long term triple net leases, to two (2) large commercial corporate tenants, Progressive Casualty Insurance Company and Waste Management, Inc., for a period of more than five (5) years. The Property generates net operating income of approximately $2,483,544 annually, based upon the information provided by NAS and the Appraisal Report, Exhibit "F", p. 9. This financial information is believed to be concurrently generated by NAS as the onsite property manager, and are believed to be prepared on a cash basis in accordance with generally accepted accounting principles. It is are unaudited. Debtors have filed their Monthly Operating Reports with the Court . [*See, e.g.,* Docket Nos. 62, 73, 81 and 82]. As Debtors are receiving no distributions from the Property, they have nothing therefrom in their Debtor in Possession Accounts.

The identity and fair market value of the estates' assets, are as include the Financial Data for Met Center 15 included within Exhibit "E," and the Appraisal Report prepared by Grant Mueller, MAI, and David Thibodeaux, MAI, of CBRE, INC. Valuation and Advisory Services, the summary of which was forwarded by letter dated August 21, 2015, contained in Exhibit "F." As set forth in the letter, the Appraisal Report values the as-is Market Value of Property, as of August 13, 2015, at $32,000,000.00, and in its remediated condition projected as of April 13, 2016, at 36,600,000. The full Appraisal Report, comprising 158 pages, will be provided upon request made to Debtor's counsel.

III.

SUMMARY OF THE PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under The Proposed Plan

As required by the Bankruptcy Code, the Plan classifies claims and interests in various classes according to their right to priority. The Plan states whether each class of claims or interests is impaired or unimpaired. The Plan proposes to pay all Creditors 100% of their Allowed Claims on the Effective Date. Therefore, **no Classes of Claims are Impaired under the Plan.** The Plan provides the treatment each class will receive.

B. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following claims in a class. Only Administrative Expenses are unclassified claims under the Plan.

1. Case Administrative Expenses

Administrative expenses are claims for costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code section 507(a)(1). Administrative expenses include all

professional fees requiring Court approval, and contract claims for services rendered or materials and supplies provided post petition and through the Effective Date by any creditors pursuant to Executory Contracts, including contracts for the remediation of the Property. The Code requires that all administrative claims be paid on the Effective Date of the Plan, unless a particular claimant agrees to a different treatment.

The following chart lists all of the Debtor's § 507(a)(1) administrative claims and their treatment under the Plan:

Name	Amount Owed	Treatment
Darvy Mack Cohan	Est $120,000.00	Paid in full on Effective Date
Elkington Sheppard, LLP	Est $80,000.00	Paid in full on Effective Date
Average Operating Expenses	Est 97,000.00	Assumed and Paid From Operations
Clerk's Office Fees	0.00	Paid in full on Effective Date
Office of the U.S. Trustee Fees	Est $10,725.00	Paid in full on Effective Date
TOTAL	Est $307,725.00	

Court Approval of Fees Required:

The Court must approve all professional fees listed in this chart. For all fees except Clerk's Office fees and U.S. Trustee's fees, the professional in question must file and serve a properly noticed fee application within thirty (30) days of the Order of the Court confirming the Plan, and the Court must rule on the application. Only the amount of fees allowed by the Court will be required to be paid under this Plan.

2. Remediation Contract and Other Post Petition Services Claims

The following Executory Contracts, as set fort in Exhibit "K," will be assumed on the Effective Date and paid according to their terms to the extent that any claim for services rendered or materials and supplies provided post petition and through the Effective Date by such contracting parties may be or remain unpaid and deemed to be an administrative expense of these jointly administered Chapter 11 cases:

A. Agreement for Services between Owners and Gemma Companies dated July 24, 2015.

B. Agreement Between Owners and Project Manager as Advisor for Construction Management Services dated June 22, 2015 with Principal Management Solutions, LLC

C. Agreement Between Owners and Engineer for Professional Services dated June 22, 2015 with Epsilon Engineering & Material, LLC

D. Agreement Between Owners and Contractor for Construction Contract (Cost Plus) dated June 22, 2015 with Set Construction, LLC

As indicated above, the Debtor will need to pay approximately $307,725 worth of administrative claims on the Effective Date of the Plan unless the claimant has agreed to be paid later or the Court has not yet ruled on the claim. Significantly, this amount would include the pre-petition retainers of $110,000.00 paid to Debtors' counsel, and the sum of approximately $ $97,000 is the average ordinary ongoing operating expenses that the Property is experiencing in these Chapter 11 proceedings, which will also be assumed and paid from the operation of the Property in the ordinary course of business. Thus, in reality, the Debtors' deposit upon the Effective Date should be only the balance thereof and the Quarterly Fees outstanding to the U.S. Trustee, or the amount of approximately $100,725.00. It is not presently anticipated that administrative expenses shall exceed these amounts. However, in any event, they will be paid, together with the amounts that may be due under the assumed contracts upon the Effective Date from the refinancing of the Property, Exhibits "I-1" and "I-2," upon the closing of the Refinancing Escrow

C. Classified Claims and Interests

1. Priority Tax Claims (Class 1 Claims)

Priority tax claims are certain unsecured income, employment and other taxes described by Code Section 507(a)(8). The California State Franchise Tax Board has filed Tax Claims in these jointly administered Cases totaling $216,543.17 that are filed as being entitled to the statutory priority described by Bankruptcy Code Section 507(a)(8). Allowed Priority Tax Claims are Class 1 Claims under the Plan and the Plan proposes to pay 100% of the allowed amount of all Class 1 Claims upon the Effective Date of the Plan.

This Class is not impaired.

After the payment of Allowed Administrative Expense Claims, the following chart set forth the Priority Tax Claims and their treatment under the Plan:

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
1	Priority Tax Claims of California State Franchise Tax Board Total amount of claims = $216,543.17	N	Not Impaired; the Claims in this class are not entitled to vote on the Plan, class is deemed to have accepted Plan. Pymt interval Single Payment Pymt amt $216,543.17 Begin date: Effective Date Pymt date: Effective Date Total payout 100 %

2. Secured Claims (Class 2 Claim)

Secured claims are claims secured by liens on property of the estate. Class 2 consists of the secured claim of GECMC 2005-C4 Metro Center, LLC ("Lender") in the amount determined and allowed by final order of the Bankruptcy Court at or subsequent to conformation of this Plan. It is secured first in priority upon the Property, and first in priority upon all of the personal property of the estate, including such cash collateral as exists in the possession and control of the Lender.

The Lender has filed its Proof of Claim No. 5 in these jointly administered Chapter 11 proceedings in the amount of $26,166,208.81. While the Plan acknowledges the indebtedness owing to Lender, Proponents disagree with the amount and the calculation of Lender's Claim No. 5. Significantly,

since on or about September 1, 2012, when the Note matured, Lender has been receiving all of the rents and revenues from the Property, and funding the operating expenses directly to the third-party property manager. Proponents believe that Lender has included within its calculation of Proof of Claim No. 5, amounts charged for late fees and for default interest by reason of the Note not being paid upon its Maturity Date, and has missallocated other amounts which sums Lender has paid to itself from the Property's rents and revenues. Proponents contend that this substantially overstates the proper amount of Lender's allowable secured claim.

In the decision of the Ninth Circuit Court of Appeals in *In re: Entz-White Lumber and Supply, Inc, Debtor*, 850 F. 2d 1338 (1988), the court held that where, as herein, the Plan of Reorganization provides for cure of default by way of payment in full upon the Effective Date, the debtor was entitled to avoid all consequences of that default, including late charges and higher post default interest rates. The Plan proposes to cure all pre-petition defaults pursuant to Section 1123(a)(5)(G), and reinstate the Note, paying the 100% of the amount of the Class 2 Claim so allowed by the Bankruptcy Court on the Effective Date of the Plan. By reason thereof, Proponents believe that Lender is not entitled to charge either late fees or the higher default rae of interest by reason thereon and Debtors will file an Objection to said Secured Creditor's Claim No. 5. While Lender disagrees and contends that the *In re Entz-White* rule should not be applied, based upon its rejection in other Circuits, Proponents believe that it is the controlling law in the Ninth Circuit and will be so upheld by the Bankruptcy Court.

Accordingly, Debtors estimates under *In re Entz-White Lumber & Supply Company, Inc*, 850 F.2d 1338 (9th Cir. 1988)and in accordance with Bankruptcy Code Section 1124(2) is $18,371,543.82, adjusted for post-petition receipts and disursements, including disbursements from the IP Reserve to fund remediation of the Property pursuant to the Cash Collateral Stipulation [Docket No. 65-1, p. 13, para. 3]. As a mater of law, since the amount of the Allowed Secured Claim of Lender in Class 2 will be paid in full upon the Effective Date of the Plan, **this Class is not impaired.**

The following chart, after payment of the Class 1 Claims, sets forth the treatment of Lwender's Class 2 Claim under the Plan:

CLASS	DESCRIPTION	INSIDER Y/N	IMPAIRED Y/N	TREATMENT
2	Secured claim of: GECMC 2005-C4 Metro Center, LLC Collateral description = Real property situated at 7301 Metro Center Dr., Austin, Texas 78744 , and all of personal property related thereto. Collateral value = Real Property estimated to be $32,000.00, and as determined by the Court and Personal Property $3,373,866 in pre-petition cash accounts and $1,233,976.64 in cashreceived post petition under the "Lock Box Agreement" First lien of record Principal owed = Creditor's Claim No.5 = $26,166,208.31 all due and payable as of September 1, 2012 Subject to the determination of Debtor's Objection to Claim No. 5 Proponents estimate Secured Creditor's total claim, determined under *In re Entz-White Lumber & Supply Company, Inc*, 850 F.2d 1338 (9th Cir. 1988) and in accordance with 11 U.S.C. § 1124(2) is approximately $18,371,543.82, adjusted for post-petition receipts and disbursements	N	N	Not Impaired; the Claim in this class is not entitled to vote on the Plan, class is deemed to have accepted Plan. All pre-petition defaults shall be deemed to be cured and the Note reinstated. The total and full Allowed Amount of the Secured Claim, as determined by the Court under *In re Entz-White Lumber & Supply Company, Inc*, 850 F.2d 1338 (9th Cir. 1988) and the determination of Debtor's Objection to Claim No. 5 shall be paid on the Effective Date. Pymt interval Single Payment Pymt amount: $18,371,543.82 adjusted for post-petition receipts and disbursements, as determined by final order of the Court subbject to determination of Debtors Objection to Claim No. 5 Total payout 100 % Lien Treatment Retain lien against the Property, and Debtors ' personal property, until payment, in full, is made. Terminated and released upon payment of the Allowed Secured Claim on the Effective Date

3. Unsecured Claims (Class 3 Claims)

In that there are no Priority Unsecured Claims referred to in Code Sections 507(a)(3), (4), (5), (6), and (7), General Unsecured Claims are unsecured claims not entitled to priority under Code Section 507(a). All Allowed Unsecured Claimswill be paid in full on the Effective Date. **This Class is not impaired.**

The following chart, after payment of administrative expenses, the Class 1 Claims, and the Class 2 Claim, identifies this Plan's treatment of all of the General Unsecured Claims in Class 3 relating to the Property or the operation of the Property under the Plan:

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
3	General Unsecured Claims of creditors exclusive of claims, if any, based on executory contracts assumed under III.B.2., above. Estimated Total amt of claims =$1,035,119.46, or $1,033,866.19 if Virtua High Growth Fund, LLC, exercises its Option to repurchase a membership iknterest in the Reorganized Debtor	N	**Not Impaired**; the Claims in this class are not entitled to vote on the Plan, The class is deemed to have accepted Plan. Pymt interval: Single Payment Pymt amt: $1,035,119.46, or $1,033,866.19 and as allowed by the Court Pymt date: Effective Date Total payout: 100 % Virtua High Growth Fund, LLC, may elect to receive a 4.650% membership interest in the Reorganized Debtor in satisfaction of ots Class 3 Claim

4. Interest Holders (Class 4)

An Interest Holder is the person or party who hold an ownership interest (i.e., equity interest) in any of the Debtors. Debtors are Delaware limited liability companies. Their Interest Holders are the entities holding their Members Interests. Since this is a 100% repayment Plan, Interest Holders will their Membership Interests in their respective Debtors. **This Class is not impaired.**

The following chart identifies this Plan's treatment of the Interest Holders Class 4 Claims:

CLASS	DESCRIPTION	IMPAIRED (Y/N)	TREATMENT
4	Interest Holders in any of the Debtors	N	**Not Impaired**; the Claims in this class are not entitled to vote on the Plan, The class is deemed to have accepted Plan. In that this is a 100% plan Interest Holders will retain their Membership Interests in their respective Debtor, to subject to its existing Operating Agreement of the Debtor and the Prepetition Reorganization Agreement..

D. Means of Effectuating the Plan

1. Organizational Roll-up

This Plan is premised on the consolidation of all interests in the Property into a single limited liability company, which company will own a 100% ownership interest in the Property. This is accomplished in accordance with the intent of the Prepetition Reorganization Agreement by a roll-up of the Debtors' tenant-in-common interests into a "Reorganized Debtor" entity. Upon Confirmation of the Plan, each Debtor will (a) transfer its respective tenant-in-common interest in the Property to "MC 15 Members, LLC," a single-purpose limited liability company formed under the laws of the State of Texas, (hereinafter the "Reorganized Debtor") in exchange for a membership interest in the Reorganized Debtor, and (b) sign all such documents as shall be necessary to complete the Reorganized Debtor's formation as are contemplated in the "Prepetition Reorganization Agreement, and are not otherwise inconsistent with the Plan. In return for the transfer of its ownership interests in the Property, each Debtor will receive a membership interests in the Reorganized Debtor equivalent to 62% of the proportion of their interests in the Property prior to the Effective Date. In accordance with the terms of the Prepetition Reorganization Agreement, Virtua shall receive a 20% membership interests in Reorganized Debtor in satisfaction of its Class 3 Claim therefor, if any, under the Prepetition Reorganization Agreement. Breakwater shall receive a 18% Membership Interest in the Reorganized Debtor, in satisfaction of its Class 3 Claim therefor, if any under Prepetition Reorganization Agreement and its Consulting Agreement.

Thus, for example, if a Debtor owned 10% of the Property prior to the Effective Date, then that Debtor would own 6.2% of the Membership Interests in the Reorganized Debtor. The Reorganized Debtor will assume all of the Debtors' obligations under the Plan that are not paid as of the Effective Date for all purposes. The exact percentage ownership interest of each entity in the Reorganized Debtor is set forth in Exhibit "H."

2. Funding for the Plan

The Plan will be funded by the following: The Plan contemplates that the Property shall be refinanced by loans arranged by Virtua and Breakwater Equity Partners, LLC from Colony Capital Acquisitions, LLC, and MacKinzie Capital Management, LP, substantially in accordance with the Term Sheets therefor appended hereto as Exhibits "I-1" and "I-2," incorporated herein by reference. The total funding to the Plan Debt is expected to be approximately $31,300,000, and is sufficient to pay all creditors and administrative expenses, and provide for $4,484,000 specifically allocated to the cost of completing Property Remediation, and a reserve of $1,920,000 for tenant improvements and leasing commissions. Except as the holder of any Claim and the Debtors shall otherwise agree, the Plan Debt, including 100% of all Allowed Claims then outstanding, shall be paid in full upon and directly from the proceeds of the Refinancing Escrow on or before the Effective Date of the Plan.

3. Completion of Property Remediation

The remediation of the Property currently in progress shall be completed in accordance with its current plans and contracts therefor to restore the Property and achieve its higher fair market valuation..

4. Post-confirmation Management

Post-confirmation the general business management of each Debtor will be provided by its Sole Member. However, as set forth in the May 18 Agreement, Virtua Partners, LLC, [8] will be the post-confirmation Manager of the Reorganized Debtor and will act as its "Tax Matters Partner" for purposes of Internal Revenue Code § 6231(a)(7). The Reorganized Debtor will assume the executory Management

[8] Additional information regarding Virtua Partners, LLC, its management personnel and their experience, and its ownership and management portfolio, is available at www.virtuapartners.com

Agreement with National Asset Services, Inc. (NAS).[9] to provide the on-site property management of the Property and National Asset Services, Inc. (NAS) shall be compensated therefor in accordance therewith. (See Exhibit "D").

5. Disbursing Agent

To the extent that the Reorgannized Debtor is required to make any post confirmation distributions, Virtua, Virtua Partners, LLC, shall act as the disbursing agent for the purpose of making any such distributions provided for under the Plan, not otherwise provided for hereinabove. The Disbursing Agent shall serve without bond and shall receive no compensation for distribution services rendered and expenses incurred pursuant to the Plan unless application is made therefor and approved by the Court. The Disbursing shall be entitled to reimbursement for actual expenses incurred pursuant to the Plan, and may be assisted, for the administrative purposes of making required disbursements, by the Property Manager, National Asset Services (NAS), or such other professional property manager as shall be employed.

6. Retention and Assignment of Claims

Except as expressly provided in the Plan, all Claims and causes of action of the Debtors, including, but not limited to, Objection to Claims filed herein prior to the Claims Objection Date, Avoidance Actions, together with the proceeds thereof, are reserved for, assigned to, and shall be and remain property of the Reorganized Debtor.

E. Risk Factors

The proposed Plan has the following risks:

The Plan is dependant upon the Proponents securing refinancing of the Property in an amount sufficient to pay upon the Effective Date 100% of the Plan Debt, not otherwise assumed or based upon contracts that are to be assumed upon Confirmation. Although Term Sheet agreements for a total $31,300,000 in exit financing, which total sum Proponents believe to be sufficient for the payment of the Plan Debt upon the

[9] Aditional information regarding Nation Asset Services, Inc. (NAS), its experience and management portfolio, is available at www.nasassets.com

Effective Date, have been obtained from Colony Capital Acquisitions, LLC, *see,* Exhibit "I-1," and MacKinzie Capital Management, LP, *see*, Exhibit "I-2,", and while Proponents believe and have every confidence that said lenders will perform and fund the exit financing loans as set forth in the Term Sheets, no assurance can be given at this time the Refinancing Escrows established therefore will close in a timely manner, and that funds to pay the Plan Debt will be paid therefrom.

Further, presently unforeseen economic conditions could prevent the funding of the Refinancing Escrows by lenders for payment on the Effective Date as contemplated by the Plan, and could prevent Proponents from securing alternate exit financing to accomplish the same purpose. Similarly, presently unforeseen events, such as acts of God, nature or man, could render the Property incapable of being profitably operated as a commercial rental property, and the Reorganized Debtor could be ultimately unable to continue to make the adequate protection payments to Lender on a monthly basis. Such presently unforeseen circumstances, however remote, could result in the failure of the Plan. In consequence, the failure of the Plan would result in a Chapter 7 liquidation proceeding, relief from the automatic stay being given to Lender, as the secured creditor, and a foreclosure by Lender.

Although the $32,000,000 present fair market value of the Property is n excess of the Proponent's $18,371,543.82 estimate of the Lender's Class 2 Claim, no assurance can be given that a foreclosure sale by either Lender or even in a Chapter 7 liquidation sale would yield any sums that would be payable to General Unsecured Creditors regardless of Class. Foreclosure would destroy any capacity of the Property for the generation of funds to pay the remainder of the creditor body, unless a buyer or buyers at the foreclosure bids an amount in excess of the then total secured debt. Only in such instance would any overage proceeds, after payment of the administrative expense of the superceding Chapter 7 proceeding, be distributed pro rata among the remaining unsecured creditors of the Debtors. It is clear, however, that such an event would result in but pennies on the dollar being paid to unsecured creditors, if any thing at all.

F. Other Provisions of the Plan

1. Executory Contracts and Unexpired Leases

a. Assumptions

The unexpired leases and executory contracts to be assumed as obligations of the Reorganized Debtor under this Plan are set forth in Exhibits "J" and "K". (*See,* Exhibit "J" for more detailed information on unexpired leases to be assumed and Exhibit "K" for more detailed information on executory contracts to be assumed):

The Order of the Court confirming the Plan shall constitute an Order approving the assumption of each lease and contract listed above. If you are a party to a lease or contract to be assumed and you object to the assumption of your lease or contract, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan. See Section I.B.3 of this document for the specific date.

b. Rejections

On the Effective Date, the following executory contracts and unexpired leases will be rejected:

Debtors and the Reorganized Debtor will reject upon or before Confirmation of the Plan any and all purported executory agreements between Debtors and GECMC 2005-C4 Metro Center, LLC, by virtue of its being the successor in interest to the lender in the original syndication, not assumed as set forth in Paragraphs A.4.d. and e. of Exhibit "K", and except to the extent that the rights, duties and obligations therefor are specifically provided for in this Plan. Any and all purported executory agreements, other than those listed as Executory Leases in Exhibit "J," hereto, or specifically listed as being assumed in Section A of this Exhibit "K" are rejected.

2. Changes in Rates Subject to Regulatory Commission Approval

These Debtors are not subject to governmental regulatory commission approval of their Plan.

3. Retention of Jurisdiction.

The Court will retain jurisdiction to the extent provided by law.

G. Tax Consequences of Plan

1. General Disclaimer

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences (the "Tax Disclosure") is intended solely for the purpose of alerting readers about possible tax issues this Plan may present to the Proponents. The Proponents, CANNOT and DO NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all the tax implications of any action.

Implementation of the Plan may have federal, state and local tax consequences to the Debtors and creditors of the Debtors. No tax opinion has been sought or will be obtained with respect to any tax consequences of the Plan, and the Tax Disclosure does not constitute and is not intended to constitute either a tax opinion or tax advice to any person. Rather, the Tax Disclosure is provided for informational purposes only.

Moreover, the Tax Disclosure summarizes only certain of the potential federal income tax consequences associated with the Plan's implementation, and does not attempt to comment on all such aspects of the Plan's implementation, actual or potential. In addition, certain of the federal income tax consequences described in the Tax Disclosure are dependent on factual determinations that are subject to uncertainties. Similarly, the Tax Disclosure does not attempt to consider any facts or limitations applicable to any particular creditor or interest holder which may modify or alter the consequences described below. The Tax Disclosure also does not address state, local or foreign tax consequences or the consequences of any non-income federal tax.

The Tax Disclosure is based upon the provisions of the Tax Code and the regulations promulgated thereunder, existing judicial decisions and administrative rulings. In light of the constant evolution

of the Tax Code, no assurance can be given that legislative, judicial or administrative changes will not be forthcoming or have not already taken place that would affect the accuracy of the discussion below. Any such changes could be material and could be retroactive with respect to the transactions entered into or completed prior to the enactment or promulgation. Furthermore, the tax consequences of certain aspects of the Plan are uncertain due to a lack of applicable legal authority and may be subject to judicial or administrative interpretations that differ from the discussion below.

2. Tax Effect Upon the Debtors

The Debtors are a single-member limited liability company. Under IRS Regulation section 301.7701-3(b)(1), a single-member limited liability company that does not elect to be treated as a corporation will be disregarded as an entity separate from its owner, and the tax attributes of any given transaction upon the limited liability company will be imputed to, and impact upon the single-member. Moreover, the Debtors will not receive a discharge of debt under the Plan because, as each is a limited liability company, the Debtors do not meet the test for receiving a discharge specified under section 1141(d)(3) of the Code. Further, altough the Plan provides for full payment to all creditors, to the extent that the Plan may allow for less than full payment of all creditors approved claims, the "Debt Discharge Amount," having resulted from a proceeding under Title 11 U.S.C., may be excluded from income under 26 U.S.C. section108(a)(1)(A) or (B). Accordingly, the Debtors do not anticipate any adverse tax consequences arising as a result of the Plan which will impact the Debtors or otherwise interfere with their performance of the Plan.

3. **Tax Consequences to Creditors.**

Creditors are urged to consult with their own tax professionals as to whether the tax consequences of the Plan depend on whether the creditor's claim constitutes a "security" of the Reorganized Debtor for federal income tax purposes and the type of consideration received by the creditor in exchange for, or payment of, such creditor's claim, whether the creditor receives consideration in more than one tax year of the creditor, and whether all the consideration received by the creditor is deemed to be received by that creditor in an integrated transaction. In general, a "security" for federal income tax purposes has been held to be a long-term debt instrument and the term historically did not include stock. Debtors do not purport to speculate as to

whether any claims against the Debtors would constitute a "security" for federal income tax purposes. However, to the extent any such claims do constitute "securities" for federal income tax purposes, the tax consequences to such claim holders could differ substantially from those hypothesized below.

Pursuant to the Plan, some holders of allowed claims could receive distributions of cash in exchange for their allowed claims. Whether and to the extent to which such a payment is includible in the holder's gross income will be determined by reference to the claim in respect of which the distribution is made. In general, the holder will recognize ordinary income in respect of such payment if the claim is in respect of an item generating ordinary income, such as wages, to the holder. Similarly, if a claim is held as part of a trade or business, the holder of such claim should generally recognize ordinary loss to the extent that such holder's adjusted basis in the claim exceeds the amount received by such holder with respect to such claim. If a claim is held in respect of a capital asset, the holder should generally recognize a capital gain or loss. However, any distribution attributable to accrued but unpaid interest will be treated as ordinary income, regardless of whether the origin of the claim is capital in nature or whether gain or loss is otherwise recognized on the claim.

ALL CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN.

4. Circular 230 Disclaimer.

To ensure compliance with Treasury Regulations governing written tax advice, please be advised that any tax advice included in this communication, including any attachments, is not intended, and cannot be used, for the purpose of (i) avoiding any federal tax penalty or (ii) promoting, marketing, or recommending any transaction or matter to another person. **Furthermore, as set forth above, this document is not intended to provide tax advice or warranties or representations of any kind.**

IV.

CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OR THIS PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The proponent CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Court can confirm a Plan. Some of the requirements include that the Plan must be proposed in good faith, acceptance of the Plan, whether the Plan pays creditors at least as much as creditors would receive in a Chapter 7 liquidation, and whether the Plan is feasible. These requirements are not the only requirements for confirmation.

A. Who May Vote or Object

1. Who May Object to Confirmation of the Plan

Any party in interest may object to the confirmation of the Plan, but as explained below not everyone is entitled to vote to accept or reject the Plan.

2. Who May Vote to Accept/Reject the Plan

A creditor or interest holder has a right to vote for or against the Plan if that creditor or interest holder has a claim which is both (1) allowed or allowed for voting purposes and (2) classified in an impaired class. **No claims are impaired by the Plan, and therefore no creditors are entitled to vote because all creditors are deemed to have accepted the Plan.** The following paragraphs are provided for the reader's general information and Proponents do not represent that they are relevant to the facts of these jointly administered cases in light of this Plan.

a. What Is an Allowed Claim/Interest

As noted above, a creditor or interest holder must first have an allowed claim or interest to have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in interest brings a motion objecting to the claim. When an objection to a claim or interest is filed, the creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice and hearing, either overrules the objection or allows the claim or interest for voting purposes.

NOVEMBER 30, 2015 HAS BEEN SET BY THE COURT PURSUANT TO RULE 3003-1 OF THE LOCAL: BANRUPTCY RULES AS THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE AND NOTICE THEREOF HAS BEEN GIVEN IN THE COURT'S NOTICE OF FIRST MEETING OF CREDITORS.

A creditor or interest holder may have an allowed claim or interest even if a proof of claim or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the Debtor's schedules and such claim is not scheduled as disputed, contingent, or unliquidated, and (2) no party in interest has objected to the claim. An interest is deemed allowed if it is scheduled and no party in interest has objected to the interest.

b. What Is an Impaired Claim/Interest

As noted above, an allowed claim or interest only has the right to vote if it is in a class that is impaired under the Plan. A class is impaired if the Plan alters the legal, equitable, or contractual rights of the members of that class. For example, a class comprised of general unsecured claims is impaired if the Plan fails to pay the members of that class 100% of what they are owed.

In this case, the Proponents believe that no claims are impaired, and no creditors are therefore entitled to vote to accept or reject the Plan. Parties who dispute the Proponents' characterization of their claim or interest as being impaired or unimpaired may file an objection to the Plan contending that the Proponents have incorrectly characterized the class.

3. Who is Not Entitled to Vote

The following four types of claims are not entitled to vote: (1) claims that have been

disallowed; (2) claims in classes that do not receive or retain any value under the Plan. Claims entitled to priority pursuant to Code sections 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because such claims are not placed in classes and they are required to receive certain treatment specified by the Code. Claims in classes that do not receive or retain any value under the Plan do not vote because such classes are deemed to have rejected the Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

4. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim is entitled to accept or reject a Plan in both capacities by casting one ballot for the secured part of the claim and another ballot for the unsecured claim.

5. Votes Necessary to Confirm the Plan

In the present case, the Plan provides for 100% payment of all Allowed Claims and administrative expenses upon the Effective Date of the Plan. There is no impaired claims of Creditors, and all creditors are deemed to have accepted the Plan. Therefore, the provisions of Bankruptcy Code §1129(a)(10) are inapplicable in the present case.

6. Votes Necessary for a Class to Accept the Plan

A class of claims is considered to have accepted the Plan when more than one-half (½) in number and at least two-thirds (2/3) in dollar amount of the claims which actually voted, voted in favor of the Plan. A class of interests is considered to have accepted the Plan when at least two-thirds (2/3) in amount of the interest-holders of such class which actually voted, voted to accept the Plan.

7. Treatment of Non-accepting Classes

Even if all impaired classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by the Code. The process by which nonaccepting classes are forced to be bound by the terms of the Plan is commonly referred to as "cramdown." The Code allows the Plan to be "crammed down" on nonaccepting classes of claims or interests

if it meets all consensual requirements except the voting requirements of 1129(a)(8) and if the Plan does not "discriminate unfairly" and is "fair and equitable" toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C. § 1129(b) and applicable case law.

8. Request for Confirmation Despite Nonacceptance by Impaired Class(es)

The Proponents of this Plan will ask the Court to confirm this Plan by cramdown to the extent that Classes 1, 2, 3, or 4 may be deemed to be impaired and do not vote to accept the Plan. Creditors are advised that Lender has not consented to any alteration of its loan documents as they effect the Property, and Proponents anticipate that Lender will object to the confirmation of the Plan.

B. Liquidation Analysis

Another confirmation requirement is the "Best Interest Test", which requires a liquidation analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must receive or retain under the Plan property of a value not less than the amount that such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 case, the Debtors' assets are usually sold by a Chapter 7 trustee. Secured creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales proceeds, according to their rights to priority. Unsecured creditors with the same priority share in proportion to the amount of their allowed claim in relationship to the amount of total allowed unsecured claims. Finally, interest holders receive the balance that remains after all creditors are paid, if any.

For the Court to be able to confirm this Plan, the Court must find that all creditors and interest holders who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a Chapter 7 liquidation. The Debtor maintains that this requirement is met here for the following reasons:

First, and foremost, the liquidation of the Debtors, alone, although amounting to 100% of the interests as a tenant in common in the Property, is meaningless. The liquidation analysis must contemplate the

liquidation of the entire Property, in light of the fact that Lender's first in priority deed of trust secures its claim pon the property, and the whole of the cash collateral thereof within Lender's possession. In this respect, it is important to note that liquidation values are historically less than fair market values, or even book values for accounting purposes. In a liquidation, real property may be assumed to be 90% of fair market value, a price at which a court would order the real property sold upon a judicial foreclosure, and less 7% costs of sale.

Significantly, although Debtors may dispute the calculation of the amount due Lender based upon a need for a proper accounting of the sums received or that may have been received by Lender pre-petition, Lender claim under the Note is at least $18,371,543.82, which amount Debtors will assumed to be correct solely for purposes of this analysis. However, the full fair market value of the Property, as is, appraises at $32,000,000. In the liquidation sale context, this would yield $26,784,000 after costs of sale. Lender is clearly oversecured and as the value of Debtors' assets herein are more than the value of Lender's secured obligation, in a Chapter 7 liquidation Lender will receive 100% of the secured value of its claim.

Since the Plan proposes to pay 100% of the allowed Claims on the Effective Date, all of the remaining unsecured creditors in would receive 100% of the allowed amount of their claims under the Plan. In the Chapter 7 scenario, in light of the nature, extent and amount of the of administrative expense from the superceded Chapter 11 that would become due upon conversion to a Chapter 7, and without even considering the compensation to which a Chapter 7 trustee would be entitled, unsecured creditors would clearly receive at least 100% of their claims in a Chapter 7 liquidation. While the Interest Holders in Class 4 will receive a 62% Membership Interest in the Reorganized Debtor under the Plan, upon a Chapter 7 liquidaton sale they will receive virtually nothing. Thus, it should require neither mathematical exposition, nor resort to a tabular presentaton to establish that all of these creditors and interest holders would receive as much or more under the Plan than they would in a Chapter 7 liquidation.

C. Feasibility

Another requirement for confirmation involves the feasibility of the Plan, which means that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or the Reorganized Debtor under the Plan, unless such liquidation or

reorganization is proposed in the Plan. There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Debtors swill have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses which are entitled to be paid on such date, and the second aspect considers whether the Reorganized Debtor will have enough cash over the life of the Plan to make the required Plan payments. Since the Plan proposes to cure all defaults and pay 100% of the amunt of all allowed claims upon the Effective Date of the Plan, and since the exit financing therefore is demonstrated by the Term Sheets from Colony Capital Acquisitions, LLC, and MacKinzie Capital Management, LP, appended hereto as Exhibits "I-1" and "I-2," respectively, the Proponents believe that the Plan's feasibility is established. The total funding to the Plan Debt is expected to be approximately $31,300,000, and is sufficient to pay all creditors and administrative expenses, and provide for $4,484,000 specifically allocated to the cost of completing Property Remediation, and a reserve of $1,920,000 for tenant improvements and leasing commissions. Except as the holder of any Claim and the Debtors shall otherwise agree, the Plan Debt, including 100% of all Allowed Claims then outstanding, shall be paid in full upon and directly from the proceeds of the Refinancing Escrow on or before the Effective Date of the Plan.

YOU ARE ADVISED TO CONSULT WITH YOUR ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS PERTAINING TO THESE FINANCIAL STATEMENTS.

In summary, the Plan Proponents propose to cure all defaults, as allowed under the Bankruptcy Code § 1123(a)(5)(G), and to pay all Plan Debt, including administrative expenses and Priority Tax Claims, Allowed Secured Claims determined in accordance with *In re Entz-White Limber and Supply, Inc.,* 850 F,2d 1338 (9th Cir. 1988), and all Allowed Unsecured Claims, in full, on the Effective Date of the Plan.

V.

EFFECT OF CONFIRMATION OF PLAN

A. No Discharge

Debtors, as a limited liability companies, will not receive any discharge in this case because Debtor does not meet the test for receiving a discharge specified under section 1141(d)(3) of the Code.

B. Revesting of Property in the Reorganized Debtor and Debtors

Except as provided in Section V.F., and except as provided elsewhere in the Plan, the confirmation of the Plan vests the property and related operating funds, in the Reorganized Debtor and all other property of the estates in the Debtors.

C. Modification of Plan

The Proponents of the Plan may modify the Plan at any time before confirmation. However, the Court may require a new disclosure statement and/or revoting on the Plan. The Proponents of the Plan may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Status Report

Within 120 days of the entry of the order confirming the Plan, Plan Proponents shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee, the twenty largest unsecured creditors, and those parties who have requested special notice. Further status reports shall be filed every 120 days and served on the same entities.

E. Quarterly Fees

Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall be paid to the United States Trustee on or before the effective date of the plan. Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United States Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or entry of an order of dismissal or conversion to chapter 7.

F. Post-Confirmation Conversion/Dismissal

A creditor or party in interest may bring a motion to convert or dismiss the case under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders, the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will revest in the Chapter 7 estate. The automatic stay will be

reimposed upon the revested property, but only to the extent that relief from stay was not previously authorized by the Court during this case.

The order confirming the Plan may also be revoked under very limited circumstances. The Court may revoke the order if the order of confirmation was procured by fraud and if the party in interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of the order of confirmation.

G. Final Decree

Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the Plan Proponent, or other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case.

Date: November 30, 2015

Debtors in the Above Captioned Jointly Administered Cases

/s/ Alan Sparks
By_____
Alan Sparks, Responsible Individual
Plan Proponent

Virtua Partners, LLC,
An Arizona limited liability company
Plan Proponent

/s/ Lloyd W. Kendall, Jr.
By_____
Lloyd W. Kendall, Jr, Manager

/s/ *Darvy Mack Cohan*
_____
DARVY MACK COHAN
Attorney at Law