

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

IN RE:

UNIFIED 2020 REALTY PARTNERS,  
LP

DEBTOR.

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CASE NO. 13-32425-SGJ-11

Chapter 11

FIRST AMENDED DISCLOSURE STATEMENT  
DATED NOVEMBER 4, 2013

ARTHUR I. UNGERMAN  
Attorneys at Law  
8140 Walnut Hill Lane  
Suite 301  
Dallas, Texas 75231  
972/239-9055 Telephone  
972/239-9886 Facsimile

COUNSEL FOR DEBTOR

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**ARTICLE I**  
**INTRODUCTION**

**Identity of the Debtor**

1.1 Debtor filed a voluntary petition for reorganization under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. Section 101, et seq. ("Code") on May 6, 2013 in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division ("Court"), initiating the above-styled and referenced bankruptcy proceeding. The Debtor is operating its business as a Debtor-in-Possession pursuant to Sections 1107 and 1108 of the Code. Debtor has elected to file a plan of liquidation. The terms in the Plan shall have the same meanings in this Disclosure Statement.

**Purpose of This Disclosure;**  
**Sources of Information**

1.2 Debtor submits this Disclosure pursuant to Section 1125 of the Code to all known Claimants of Debtor for the purpose of disclosing that information which the Court has determined is material, important, and necessary for Creditors of, and the Members of, Debtor in order to arrive at an intelligent, reasonably informed decision in exercising the right to vote for acceptance or rejection of the Debtor's Plan. A copy of the Plan is attached hereto as Exhibit "D" and incorporated herein by this reference. The Plan sets forth in detail the repayment arrangement between the Debtor and its creditors. This Disclosure describes the operations of the Debtor contemplated under the Plan. Any accounting information contained herein has been provided by the Debtor and has been prepared using the cash method of accounting.

**Explanation of Chapter 11**

1.3 Chapter 11 is the principal reorganization chapter of the Code. Pursuant to Chapter 11, a debtor is authorized to reorganize its business for its own benefit and that of its creditors and equity interest holders. Formulation of a plan of reorganization or liquidation is the principal purpose of a Chapter 11 case. A plan sets forth the means for satisfying claims against and interests in the debtor. After a plan has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure is presented to Claimants to satisfy the requirements of Section 1125 of the Code.

**Explanation of the Process of Confirmation**

1.4 Even if all Classes of Claims accept the plan, its confirmation may be refused by the Court. Section 1129 of the Code sets forth the requirements for confirmation and, among other things, requires that a plan of reorganization be in the best interests of Claimants. It generally requires that the value to be distributed to Claimants and Equity Interest Holders may not be less than such parties would receive if the debtor were liquidated under Chapter 7 of the Code.

1.5 Acceptance of the plan by the Creditors and Equity Interest Holders is important. In order for the plan to be accepted by each class of claims, the creditors that hold at least two thirds (2/3) in amount and more than one-half (1/2) in number of the allowed claims actually voting on the plan in such class must vote for the plan and the equity interest holders that hold at least two-thirds (2/3) in amount of the allowed interests actually voting on the plan in such class must vote for the plan. Chapter 11 of the Code does not require that each holder of a claim against, or interest in, the debtor vote in favor of the plan in order for it to be confirmed by the Court. The plan, however, must be accepted by: (i) at least the holder of one (1) class of claims by a majority in number and two-thirds (2/3) in amount of those claims of such class actually voting; or (ii) at least the holders of one (1) class of allowed interests by two-thirds (2/3) in amount of the allowed interests of such class actually voting.

1.6 The Court may confirm the plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code.

1.7 Confirmation of the plan discharges the debtor from all of its pre-confirmation debts and liabilities except as expressly provided for in the plan and Section 1141(d) of the Code. Confirmation makes the plan binding upon the debtor and all claimants, equity interest holders and other parties-in-interest, regardless of whether or not they have accepted the plan.

#### Voting Procedures

1.8 Unimpaired Class. Claimants in Class 1 are not impaired under the Plan. Such Class, therefore, is deemed to have accepted the Plan.

1.9 Impaired Classes. The Classes 2, 3, 4, 5, 6, 7, 8, and 8A Claimants are impaired as defined by Section 1124 of the Code. The Debtor is seeking the acceptance of the Plan by Claimants in Classes 2, 3, 4, 5, 6, 7, 8 and 8A. Each holder of an Allowed Claim in Classes 2, 3, 4, 5, 6, 7, 8A may vote on the Plan by completing, dating and signing the ballot sent to each holder and filing the ballot as set forth below. The Class 9 Equity Holders are also impaired but as insiders their votes do not count towards Confirmation. One ballot will be sent to each Claimant eligible to vote on the Plan. For all Classes, the ballot must be returned to Debtor's attorney, Arthur I. Ungerman, Attorney at Law, 8140 Walnut Hill Lane, Suite 301, Dallas, TX 75231. In order to be counted, ballots must be RECEIVED no later than at the time and on the date stated on the ballot.

1.10 Acceptances. Ballots that are signed and returned but fail to indicate either an acceptance or rejection will not be counted.

#### Best Interests of Creditors Test

1.11 Section 1129(a)(7) of the Code requires that each impaired class of claims or interests accept the Plan or receive or retain under the Plan on account of such claim or interest, property of a value as of the Effective Date of the Plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code. If Section 1111(b)(2) of the Code applies to the claims of such class, each holder of a claim of such class will receive or retain under the Plan, on account of such claim, property of a value, as of the Effective Date of the Plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims. In order for the Plan to be confirmed, the Court must determine that the Plan is in the best interest of the Debtor's creditors. Accordingly, the proposed plan must provide the Debtor's creditors with more than they would receive in a Chapter 7 liquidation. Accordingly, since the Plan proposes to pay all secured creditors in full and the unsecured creditors a dividend, Debtor believes that the creditors are receiving more than they would receive in a Chapter 7 liquidation. Without the continued operation of the Debtor's business there would be no funds to pay unsecured creditors. A liquidation analysis is provided in Section 13. Accordingly, the Debtor contends that the Plan satisfies the requirements of Section 1129(a) (7).

#### Cram down

1.12 The Court may confirm the Plan even though less than all of the classes of claims and interests accept it. The requirements for confirmation of a plan over the objection of one or more classes of claims or interests are set forth in Section 1129(b) of the Code. Accordingly, Debtor, as the plan proponent, requests the Court to determine that the Plan does not discriminate unfairly, and is fair and equitable with respect to any objecting creditor. A discussion of the specific requirements for Cramdown of a Plan are set forth starting below.

#### Definition of Impairment

1.13 As set forth in section 1124 of the Bankruptcy Code, a class of claims or equity interests is impaired under a plan of reorganization unless, with respect to each claim or equity interest of such class, the plan: leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or equity interest; or notwithstanding any contractual provision or applicable law that entitles the holder of a claim or equity interest to demand or receive accelerated payment of such claim or equity interest after the occurrence of a default: cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code; reinstates the maturity of such claim or interest as it existed before such default; compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; and does not otherwise alter the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

#### Classification and Treatment of Claims and Interests

1.14 The Plan classifies Claims separately in accordance with the Bankruptcy Code and

provides different treatment for different classes of Claims.

1.15 Only holders of Allowed Claims are entitled to receive distributions under the Plan. Allowed Claims are Claims that are not in dispute, are not contingent, are liquidated in amount, and are not subject to objection or estimation. Initial distributions or other transfers of Cash or other consideration specified in the Plan otherwise available to the holders of Allowed Claims will be made on the Effective Date, or (b) the date on which such Claim becomes an Allowed Claim), as otherwise provided in the Plan, or as may be ordered by the Bankruptcy Court.

1.16 In accordance with the Plan, unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim under the Plan will be in full satisfaction, settlement, release, and discharge of and in exchange for each and every Claim.

### **Requirements for Confirmation of the Plan**

1.17 At the confirmation hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

The plan complies with the applicable provisions of the Bankruptcy Code.

The proponents of the plan comply with the applicable provisions of the Bankruptcy Code.

The plan has been proposed in good faith and not by any means forbidden by law.

Any payment made or promised by the Debtor, by the plan proponents, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.

(A) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the Debtor, an affiliate of the Debtor participating in a joint plan with the Debtor, or a successor to the Debtor under the plan; and

(B) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and the proponent of the plan has disclosed the identity of any insider that will be employed or retained by the reorganized Debtor, and the nature of any compensation for such insider.

Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the Debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on such approval.

With respect to each impaired class of claims or interests:

(I) each holder of a claim or interest of such class has (A) accepted the plan or (B) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code on such date; or (ii) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

With respect to each class of claims or interests:

- (i) such class has accepted the plan; or
- (ii) such class is not impaired under the plan.

Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(i) with respect to a claim of a kind specified in section 507(a)(1) or 507(a)(2) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(ii) with respect to a class of claims of a kind specified in section 507(a)(3), 507(a)(4), 507(a)(5) or 507(a)(6) of the Bankruptcy Code, each holder of a claim of such class will receive: (I) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(iii) with respect to a claim of a kind specified in section 507(a)(7) of the Bankruptcy Code, the holder of a claim will receive on account of such claim deferred cash payments, over a period not exceeding six years after the date of assessment of such claim, of a value, as of the effective date of the plan, equal to the allowed amount of such claim.

If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successor to the Debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

All fees payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied with or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims or Allowed Equity Interests would receive greater distributions under the Plan than they would receive in a liquidation under chapter 7.

The Debtor believes that the feasibility requirement for confirmation of the Plan is satisfied by the fact that the future operating revenues will be sufficient to satisfy the obligations under the Plan. These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

### **Cram down**

1.18 The bankruptcy court may confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or interests that has not accepted the plan.

1.19 "Fair and equitable" has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

With respect to a class of secured claims, the plan provides:

(a)(i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the Debtor or transferred to another entity, to



the extent of the allowed amount of such claims; and

(ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property;

(b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

(c) the realization by such holders of the "indubitable equivalent" of such claims.

With respect to a class of unsecured claims, the plan provides:

(a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property.

With respect to a class of interests, the plan provides:

(a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

(b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

1.20 In the event that one or more classes of impaired Claims reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired class of Claims. The absolute priority rule requires that prior to the Debtor retaining or receiving any property the senior classes of claims must be paid in full or vote to accept the Plan. The Debtor is paying the Allowed Unsecured Claims in full which should resolve any issues concerning the absolute priority rule.

The Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired class of Claims.

**ARTICLE II**  
**REPRESENTATIONS**

2.1 This Disclosure is provided pursuant to Section 1125 of the Code to all of the Debtor's known Creditors and other parties in interest in connection with the solicitation of acceptance of its Plan of reorganization, as amended or modified. The purpose of this Disclosure is to provide such information as will enable a hypothetical, reasonable investor, typical of the holders of Claims, to make an informed judgment in exercising its rights either to accept or reject the Plan.

2.2 The information contained in this Disclosure has been derived from information submitted by the Debtor, unless specifically stated to be from other sources.

2.3 No representations concerning the Debtor are authorized by the Debtor other than those set forth in this Disclosure. The Debtor recommends that any representation or inducement made to secure your acceptance or rejection of the Plan which is not contained in this Disclosure should not be relied upon by you in reaching your decision on how to vote on the Plan. Any representation or inducement made to you not contained herein should be reported to the attorneys for Debtor who shall deliver such information to the Court for such action as may be appropriate.

2.4 ANY BENEFITS OFFERED TO THE CREDITORS ACCORDING TO THE PLAN WHICH MAY CONSTITUTE "SECURITIES" HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC"), THE TEXAS SECURITIES BOARD, OR ANY OTHER RELEVANT GOVERNMENTAL AUTHORITY IN ANY STATE OF THE UNITED STATES. IN ADDITION, NEITHER THE SEC, NOR ANY OTHER GOVERNMENTAL AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE OR UPON THE MERITS OF THE PLAN. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

2.5 THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. FOR THE FOREGOING REASON, AS WELL AS BECAUSE OF THE IMPOSSIBILITY OF MAKING ASSUMPTIONS, ESTIMATES AND PROJECTIONS INTO THE FUTURE WITH ACCURACY, THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS COMPLETELY ACCURATE, ALTHOUGH EVERY REASONABLE EFFORT HAS BEEN MADE TO ENSURE THAT SUCH INFORMATION IS ACCURATE. THE APPROVAL BY THE COURT OF THIS DISCLOSURE DOES NOT CONSTITUTE AN ENDORSEMENT BY THE COURT OF THE PLAN OR GUARANTEE THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

2.6 THE DEBTOR BELIEVES THAT THE PLAN WILL PROVIDE CLAIMANTS WITH AN OPPORTUNITY ULTIMATELY TO RECEIVE MORE THAN THEY WOULD

RECEIVE IN A LIQUIDATION OF THE DEBTOR'S ASSETS, AND SHOULD BE ACCEPTED. CONSEQUENTLY, THE DEBTOR URGES THAT CLAIMANTS VOTE FOR THE PLAN. IN A LIQUIDATION IT IS LIKELY UCB WOULD FORECLOSE ON THE DEBTOR'S PROPERTY LEAVING ANY INFERIOR CLAIMANTS UNPAID.

2.7 DEBTOR DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, ALTHOUGH GREAT EFFORT HAS BEEN MADE TO BE ACCURATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN.

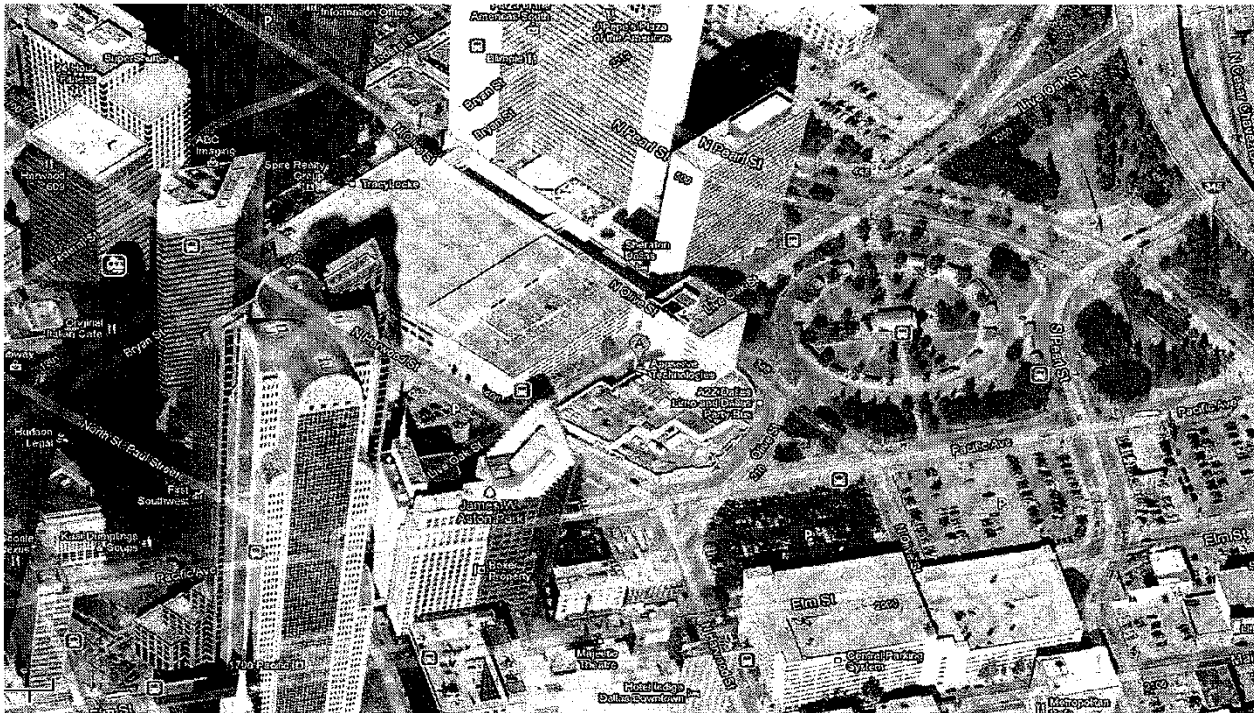
**ARTICLE III**  
**FINANCIAL PICTURE OF THE DEBTOR**

**Financial History and Background of the Debtor**

**History**

3.01 Unified 2020 Realty Partners, LP was formed in November 2007 to own the real property and improvements located at 2020 Live Oak Street, Dallas, Dallas County, Texas (the "Property"). The Debtor acquired the Property for the purposes of increasing its value, holding it for appreciation over time, and ultimately reselling the Property at a profit.

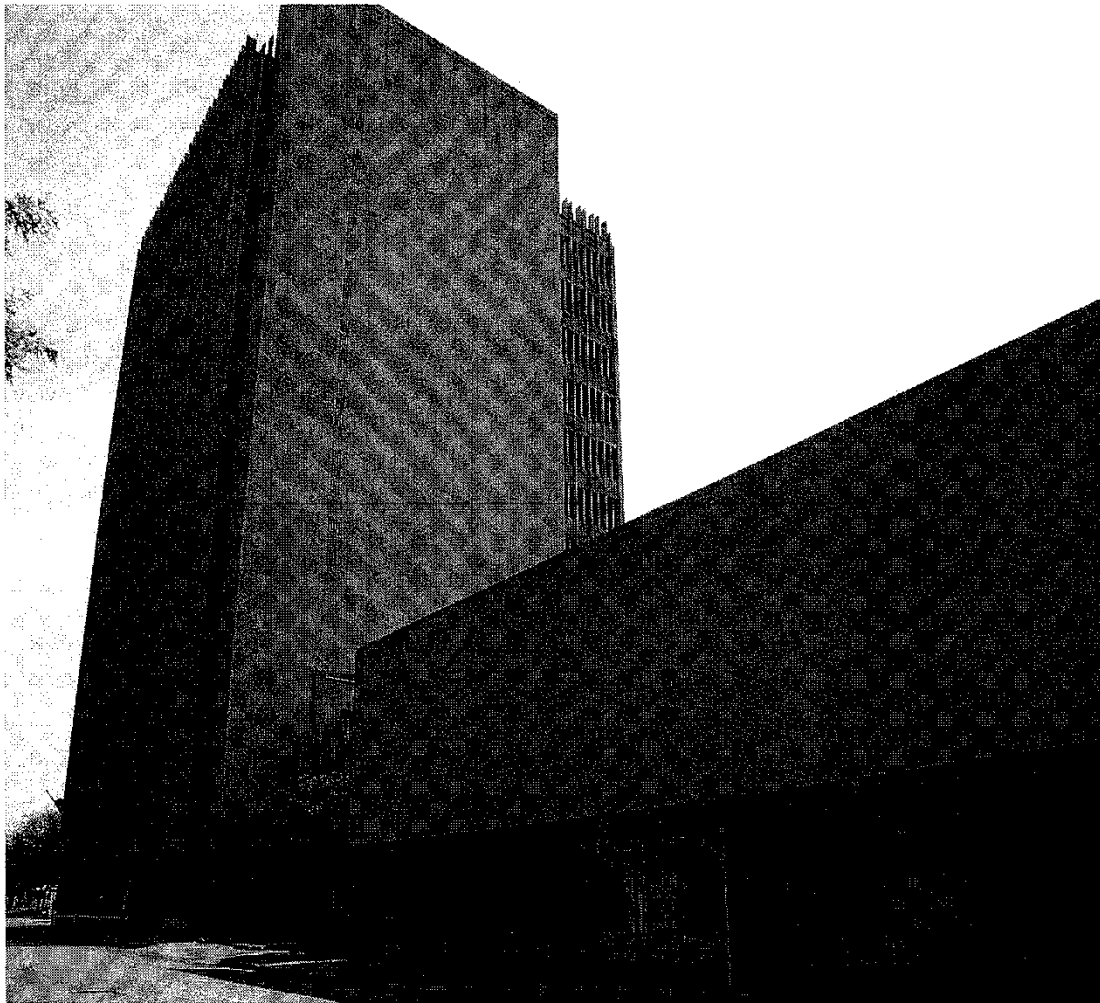
Downtown Dallas Location of 2020 Live Oak Street



**Background of the Uniqueness of the Property**

3.02 The Property is located at 2020 Live Oak Street, within the city of Dallas' Central Business District ("CBD"), and is comprised of an entire city block bounded by Live Oak Street on the north, Harwood Road on the west, Olive Street on the east, and Pacific Avenue on the south. The property is comprised of a 12-story office building and an adjacent three-story parking garage and annex. The property was originally constructed in 1938 when the first three floors of the building were built. The next nine floors were built in 1963 along with the three-story adjacent parking annex. In 1999, the owner upgraded the building's technical infrastructure with upgraded HVAC, extensive conduit and risers throughout the building, high grade electrical power and an upgraded fiber optic network. The building's power is fed by five surrounding regional substations servicing the Central Business District.

*View of Property from Live Oak Street*



Property Highlights

Year Built	1938-1963-1999	
Rentable Square Feet	130,951	
Stories	12	
Leased (as of 5-6-2013)	<20%	

3.3 The Dallas CBD is Dallas/Fort Worth's (the "Metroplex" or "D/FW") second largest concentration of office space and the largest employment center in North Texas. Major industries in the CBD include telecommunications, legal services, financial services, energy and government. The recent residential development in the CBD has been responsible for thousands of new residents, which in turn has heightened the appeal for companies to relocate to the CBD.

3.4 The Property is a combination of data centers and mission critical facilities used by telecommunications companies and other enterprise companies needing access to mission critical infrastructure. Data centers are filled with servers and storage, and the demand for the facilities is driven by trends in information technology. But they are also real estate, and the supply of data centers is governed by the ability to finance these capital-intensive building projects. Many observers of the data center industry closely watch corporate IT spending as an indicator of future demand.

(a) The data center is a facility used for housing a large amount of electronic equipment, typically computers and communications equipment. As the name implies, a data center is usually maintained by an organization for the purpose of handling the data necessary for its operations. A bank for example may have a data center, where all its customers' account information is maintained and transactions involving these data are carried out. Practically every company that is mid-sized or larger has some kind of data center with the larger companies often having dozens of data centers. Most large cities have many purpose-built data center buildings in secure locations close to telecommunications services. Most colocation centers and Internet peering points are located in these kinds of facilities. As data is a crucial aspect of most organizational operations, organizations tend to be very protective of their data. A data center must therefore keep high standards for assuring the integrity and functionality of its hosted computer environment. This is depicted in its physical and logical layout.

(b) A data center can occupy one room of a building, one or more floors, or an entire building. Most of the equipment is often in the form of servers racked up into 19 inch rack cabinets, which are usually placed in single rows forming corridors between them. Servers differ greatly in size from 1U servers to huge storage silos which occupy many tiles on the floor. This allows people access to the front and rear of each cabinet. Some equipment such as mainframe computers and storage devices are often as big as the racks themselves, and are placed alongside them.

(c) The physical environment of the data center is usually under strict control:

Air conditioning is used to keep the room cool, it may also used for humidity control. Generally, temperature is kept around 20-22 degrees Celsius (about 68-72 degrees Fahrenheit). The primary goal of data center air conditioning systems is to keep the server components at the board level within the manufacturer's specified temperature/humidity range. This is crucial since electronic equipment in a confined space generates much excess heat, and tends to malfunction if not adequately cooled. Air conditioning systems also help keep humidity within acceptable parameters. The humidity parameters are kept between 35% and 65 % Relative Humidity. Too much humidity and water may begin to condense on internal components; too little and static electricity may damage components. Backup power is catered for via one or more uninterruptible power supplies and/or diesel generators.

To prevent single points of failure, all elements of the electrical systems, including backup system, are typically fully duplicated, and critical servers are connected to both the "A-side" and "B-side" power feeds.

Data centers typically have raised flooring made up of 60 cm (2 ft) removable square tiles. These provide a plenum for air to circulate below the floor, as part of the air conditioning system, as well as providing space for power cabling. Data cabling is typically routed through overhead cable trays in modern data centers. Smaller/less expensive data centers without raised flooring may use anti-static tiles for a flooring surface.

Data centers often have elaborate fire prevention and fire extinguishing systems. Modern data centers tend to have two kinds of fire alarm systems; a first system designed to spot the slightest sign of particles being given off by hot components, so a potential fire can be investigated and extinguished locally before it takes hold (sometimes, just by turning smoldering equipment off), and a second system designed to take full-scale action if the fire takes hold. Fire prevention and detection systems are also typically zoned, and high-quality fire-doors and other physical firebreaks used, so that even if a fire does break out it can be contained and extinguished within a small part of the facility.

Using conventional water sprinkler systems on operational electrical equipment can do just as much damage as a fire. Originally Halon gas, a halogenated organic compound that chemically stops combustion, was used to extinguish flames. However, the use of Halon has been banned by the Montreal Protocol because of the danger Halon poses the ozone layer. Unlike fire extinguishing agents that displace oxygen, Halon did not pose a great risk to people caught in the data center when it was discharged. More environmentally-friendly alternatives include Argonite and FM-200, and even systems based on mists of tiny particles of ultra-pure water. Physical security also plays a large role with data centers. Physical access is usually restricted to selected personnel. Video camera surveillance and permanent security guards are almost always present if the data center is large or contains sensitive information on any of the systems within.

(d) Though the Metroplex was awash with excess data-center capacity a few years ago, that situation is now over. Aside from an improving economy, another driver for data-center demand is increased regulations, such as the Sarbanes-Oxley corporate-governance law, which is driving large companies to seek disaster recovery services. In addition, many data centers five years and older can't supply enough power for modem electronics. The equipment today, servers in particular, are able to run more data in a smaller space, but it takes more power. The increased demand for power is making a lot of data centers obsolete.

(e) Brant Bernet, co-managing partner of the Dallas-based real-estate firm Rackhouse, says that while there remains available data-center space in Dallas, most of it is not usable, largely because the facilities do not have enough power or cooling capacity. He agrees that data centers more than five years old largely can't handle the power demand of modem servers and other gear, but adds that they can be modified to do so. Smart operators "are continuing to upgrade as they go," he says, adding that updates must also be made to a center's ability to handle the increased heat generated by more powerful equipment.

(f) Dallas, Texas is one of the top 10 locations in the world for data centers due to its proximity to an Internet backbone at the University of Texas at Dallas in Richardson, Texas. As stated previously, the regional infrastructure in the downtown Dallas area is very attractive to data center and other high energy users based on the abundant electrical power sources provided by the four surrounding regional substations, in two separate power grids, located in and around the downtown area. Combined these regional substations provide more than 180kV ( 13.2kV are provided to 2020 Live Oak alone) of redundant electrical power as part of the Electric Reliability Council of Texas (ERCOT) transmission system. Hence, the power supply for the immediate area is unprecedented in north Texas.

(g) 2020 Live Oak building is housed with state-of-the-art building systems and provides an infrastructure ideal for the special needs required by telecommunication carriers, competitive local exchange carriers, inter-exchange carriers, Internet service providers and other bandwidth intensive users. Telecom users are a new breed of tenant and have specific requirements, most notably high power needs and the HVAC systems that can cool them, and the access to big fiber-optic networks that can economically host giant rooms full of them. Based on the anticipated continued use a multitenant data center, the property has substantial advantages as it relates the specific needs of these types of users.

(h) In 1999 through 2000, 2020 Live Oak had an approximate \$9,000,000 upgrade to refurbish the property for 100% use as a telecom carrier hotel and Internet data center. Specifically, the building was renovated from standard office use to a telecom hotel and office use. The building was stripped to the structure's frame and floor slab, identified asbestos containing materials removed (abated) and a telecom connection shaft was installed that accesses each floor with the conduit in place for the tenant to run redundant power, fiber, cooling, and other systems to each floor. This shaft terminates on the first floor in an area called the "meet me room." Conduits from this room also extend below grade and into the street to allow fiber to be brought in from outside into the "meet me room" which allows connection to the telecom tenants.

The renovation included: a new first floor lobby; new ADA compliant restrooms on each finished-out floor; a new built-up 3 ply roofing system with a tar and gravel surface cover; new electrical service and new TXU transformer vault; new fire sprinkler system; new elevator controls; refurbished existing elevator cabs, which include 1 freight and 2 passenger; new cooling tower with 750 GPM capacity; the cooling tower is served by three pumps: 30 HSP, 50 HSP, and 75 HSP; additionally the cooling tower is served by a water filtration system and is capable of handling the entire building. These redevelopment efforts were undertaken by real estate speculators who made the investment at the beginning of the telecom bust. The building now has the necessary characteristics to be classified as a Tier III Data Center in that it has redundant sources of power -from multiple access points and TXU power substations, as well as redundant fiber-optic connectivity to every major carrier from multiple access points to the building.

(i) In addition, the building has approximately 13.5 megawatts of electricity currently available (and space for a fourth electric vault which could increase power to more than 20 megawatts) and the existing tenant base uses less than 0.5 megawatts. The building's available power on site sets it apart from other area data centers as most competing buildings are at or close to their maximum power capacity.

(j) The infrastructure in place within 2020 Live Oak has not been maximized in terms of rental rates due to the lack of sophistication of this industry and product type by the former owners. Unified 2020 has initiated a more aggressive approach to rental rates, as well as other revenue streams, including Conduit Fees, Cross Connect Fees, Meet-Me-Room storage space fees and increased energy cost upgrade fees, among others.

### **Data Center Property Market Conditions**

3.5 Conditions in the commercial real estate markets are emerging as a major influence in the future supply of data centers. For the time being, the credit crunch is likely to be a major player in the data center market, affecting new supply but enhancing demand for existing facilities.

3.6 Looking at supply and demand in the data center market, and how it may be affected by the credit crunch and economic slowdown; Apple is building huge new data centers in three states, including the North Carolina iDataCenter. Meanwhile, it's leasing large quantities of data center space in Silicon Valley. Many of the largest cloud computing providers opted to lease new Internet infrastructure in 2012, according to new data from a veteran market watcher. The report highlights the shifting tides in the "buy or build" decision, in which geography and market economics are contributing to a two-tier infrastructure for many of the largest Internet players, with footprints split between company-built data centers and wholesale space. Apple, Facebook and Microsoft were among the largest consumers of turn-key "wholesale" data center space in 2012, according to Jim Kerrigan, Director of the Data Center Group at Avison Young. Microsoft leased 12 megawatts of new wholesale space in 2012, with Facebook (10 megawatts) and Apple (8 megawatts) not far behind.



3.7 The trend is notable because all three companies have recently been building their own massive data center facilities. Facebook has 1.5 million square feet of data center space that is either built or nearing completion, while Apple has finished its huge iDataCenter in North Carolina and is building new facilities in Oregon and Nevada. Microsoft has built its own server farms in seven sites around the U.S. and Europe over the past 5 years.

3.8 The build vs. buy decision is a key decision for web-scale companies with massive cloud computing operations. Company-built facilities offer economies of scale and can be customized with efficient designs that offer savings on power bills. In the wholesale data center model, a tenant leases a dedicated, fully-built data center space. This approach offers faster deployment of new capacity, and the ability to manage capital spends in regions where it's expensive to operate data centers. Why the shift from building to buying in 2012? There are several reasons:

3.9 Geography: After years of building huge data centers in remote areas, in 2012 the geographic focus shifted back to historic Internet hubs in northern Virginia, Silicon Valley and Chicago. Apple and Facebook have moved armadas of servers to rural locations in North Carolina and Oregon that offer cheap power and cheap land. Cloud builders continue to do this going forward, but a portion of their infrastructure must always be housed near the Internet's key intersections, where they can connect with dozens of other networks. Both land and power are more expensive in these Internet hubs, resulting in different economics for large-scale new construction. That's why the largest wholesale data center providers have a large presence in these markets.

3.10 Market Dynamics: The data center building boom in recent years has brought more supply online in key markets like northern Virginia and Santa Clara, where multiple wholesale providers wind up competing for large deals. This additional capacity favors large "super wholesale" customers that can lease vast chunks of server space. These companies - which include Facebook, Microsoft, Apple and Rackspace - can use their scale as leverage in pricing, and sometimes get discounts by working deals for space in multiple markets.

3.11 Advances in Wholesale Data Center Products: Design issues are also a factor in the buy vs. build equation. Facebook's company-built data centers in Prineville and North Carolina featured design customizations that slashed the company's power bill to run its servers. Facebook said it had deployed its Open Compute designs in leased wholesale data center space. Two of Facebook's wholesale providers - Digital Realty Trust and DuPont Fabros Technology - have worked to adapt these designs in their newer data centers. That effort extends beyond Facebook, as seen in Digital Realty's Tum-Key Flex program, which offers additional customization options on "plug-n-play" space.

3.12 Occupancy rates for wholesale data center space stand at about 81 percent, down slightly from two years ago, according to a new report from veteran data center real estate specialist Jim Kerrigan. The slight reduction in occupancy is tied to an increase in the number of companies participating in the wholesale space, according to Kerrigan, Director of the Data

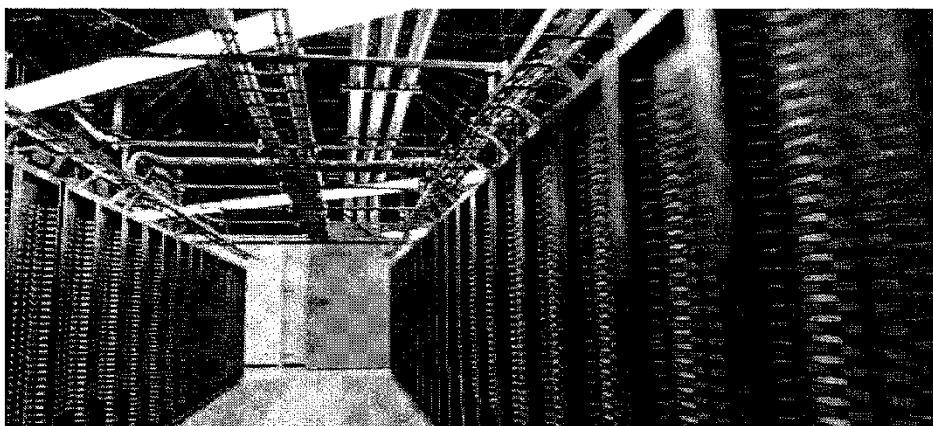
Center Group at Avison Young. "The U.S. wholesale data center market remains well supplied in 2012 with more product available today than at any time in the market's short history," Kerrigan writes. The market has expanded from five providers in late 2010 to 14 companies today, with more than 50 facilities that can immediately accommodate at least 1 megawatt of space. Thirty of those facilities are concentrated in three markets: California, Texas and Virginia.

There's also been an increase in the number of facilities that can handle "super-wholesale" requirements exceeding 45,000 square feet of raised floor space and 6 megawatts of power. There are only a small number of customers with requirements on this scale, but their impact on a market and individual provider can be significant.

3.13 In the wholesale data center model, a tenant leases a dedicated, fully-built data center space. In colocation, a customer leases a smaller chunk of space within a data center, usually in a caged-off area or within a cabinet or rack. The wholesale data center model offers greater control and security than shared colocation space, but it's not a fit for everyone. The economics of wholesale space have historically been most attractive to companies requiring at least 1 megawatt of power capacity for their data center.

3.14 The success of large publicly-held providers like Digital Realty (FLR), CoreSite Realty (COR) and DuPont Fabros Technology (DFT) have helped highlight the opportunity in the wholesale data center space, sparking investor interest and making it easier for new companies to finance projects. Companies that prefer to build out their own data center space also have plenty of options. Kerrigan said there are 30 buildings in the U.S. being marketed as powered shells - undeveloped space with the power and fiber connectivity already in place, allowing for easy expansion for companies with the capital to build out the infrastructure.

### *Facebook Amassing Data Center Space*



3.15 Facebook has moved to lock down much of the available data center space in two major markets, leasing large chunks of space in Santa Clara, Calif. and Ashburn, Va. The fast-growing social network will occupy all the available space in two newly-built data centers, and much

of a third site that is still under construction. The deals indicate that Facebook is pursuing a "buy for now, build for later" strategy in expanding its server infrastructure. Facebook is leasing turn-key data center space to meet its short term needs while it ramps up its in-house data center construction program. Facebook is currently building its first company-owned data center in Prineville, Oregon.

3.16 According to Facebook, they are always looking for ways to grow their infrastructure in an efficient and cost effective manner and this additional capacity is no exception. None of the data center developers have publicly identified Facebook as its new tenant. But the size and velocity of Facebook's leases have been noticed in Santa Clara and Ashburn, each strategic Internet markets with strong demand and a limited amount of data center space.

3.17 Wholesale data centers offer finished "plug and play" raised-floor data center space, which shifts the data center development costs from the tenant to the landlord, and allows for much quicker deployment than if the customer built a new facility on its own. Because they require less up-front investment, wholesale space has gained momentum during the economic slowdown.

3.18 New colocation space is filling quickly when brought online, according to new data from the telecom research firm TeleGeography. Global colocation service providers surveyed by TeleGeography have added 1.66 million square feet (154,016 square meters) of new space since the beginning of 2008, many of which were more than 50 percent full by mid-year 2009.

3.19 "Despite a global capital crunch, capacity growth has not stagnated, and operators with strong operational cash flow continue to build new sites," it reports. The markets with the most new colocation supply have been Hyderabad, India (230,000 square feet), Washington/Northern Virginia (214,000 SF), Dallas (166,000 SF), Amsterdam (150,000 SF) and London (131,000 SF), according to TeleGeography.

3.20 The report also includes data on average power density per rack, which suggests that colocation providers are continuing to build ahead of the average power loads. "Colocation operators increasingly push boundaries in the installation of new high-density space (defined as space using at least 14 kilowatts of power per rack), but low-density space continues to supply a majority of the market," Tele-geography writes. "The average colo site density among sites surveyed is about 3.8 kilowatts per rack, and major metro areas generally do not veer far from this average." In practice, the availability of space engineered for higher densities is crucial to capturing these deals, which can feature high-value customers. The markets with the highest average densities were Chicago (5 kW average per cabinet) and Dallas (4.5 kW average).

3.21 Data centers are mission-critical components of all enterprises and frequently cost hundreds of millions of dollars to build, yet few high-level executives understand the true cost of building and operating such facilities. Costs are typically spread across the IT, networking, and facilities/corporate real-estate departments, which makes management of these costs and assessment of alternatives difficult.

3.22 A data center is one of the most financially concentrated assets of any organization.

3.23 Dallas /Fort Worth (DFW) is one of the largest datacenter markets in the United States. Housing nearly 4.5 million square feet of corporate enterprise centers alone, the area benefits greatly from: the reliability of ERCOT grid; abundance of fiber; a deep IT labor base; and extraordinary vendor talent in design, operation and construction. Enterprise users take comfort that DFW is relatively removed from natural disasters such as earthquakes, hurricanes and other inclement weather events.

3.24 Over the last three years, local datacenter growth has been driven by the colocation markets. Colocation has experienced significant consolidation and capital infusion through public stock and private equity. Colocation offer customers scalable datacenter solutions enabling them to preserve capital for their core business. Digital Realty Trust, the largest wholesale datacenter provider, currently has over 2 Million SF in the Dallas market. They have taken their largest position at Datacenter Park - Dallas, an 800,000 SF campus in Richardson, TX with over 100 MW of capacity. Digital Realty Trust is completing leases in their first building on campus, and is starting development of 900 Quality Way, which will add 6.75 MW. CyrusOne, purchased in 2010 by Cincinnati Bell, had a successful year delivering 4.5 MW IT Load in 3Q 2011 at Convergence in Lewisville, TX. Stream Data Centers, a regional wholesale datacenter provider, had plans to deliver a 3.5 MW IT Load to the DFW market in 2011 in Richardson, TX. Equinix, Savvis, Viawest and Terremark are retail colocation companies that have strong presence in North Texas and all continue to expand. If the current trends continue, colocation companies will grow at a faster pace than the market as a whole.

3.25 Colocation companies are historically drawn to large metropolitan areas that are viewed as strategic business locations. Dallas/Fort Worth has 6.5 million people and the third largest concentration of Fortune 500 company headquarters (14) and a proportionate number regional hubs. Based on this, it is reasonable to assume the colocation market will continue to thrive in North Texas.

3.26 The Dallas / Fort Worth market is also seeing increased enterprise activity. Growing computer demands and a recovering economy fuel the push. This is aided by decreasing power costs in North Texas due to the abundance of natural gas (currently stabilized at \$4/Mcf), which constitutes the majority of the DFW fuel mix. Users can expect electricity priced between \$.04 - \$.07/ kWh depending on actual power consumption.

3.27 Digital Realty Trust says it is tracking 25.7 megawatts of demand in the Dallas market, down from 32.6 megawatts last quarter but still more than the 20 megawatts of available wholesale space. Texas is a stronghold in CyrusOne's customer base. The company leased 41,000 square feet of data center space in the fourth quarter of 2012, with more than half of that activity focused in San Antonio and Houston, the company reported. CyrusOne now has 518 customers, including 15 members of the Fortune 1000.

3.28 The data center industry is experiencing tremendous growth, and that includes the real estate market for data center space. The market that was once flooded with the remnants of the dot.com bubble is no more. Demand has soared, thanks in part to the slow conversion from paper to digital, Sarbanes-Oxley and various privacy laws, which has increased the demand of document retention. In the recent report from the EPA to Congress on data center energy use the data center industry has been summarized as follows:

*"As our economy shifts from paper-based to digital information management, data centers -facilities that primarily contain electronic equipment used for data processing, data storage, and communications networking - have become common and essential to the functioning of business, communications, academic, and governmental systems. Data centers are found in nearly every sector of the economy: financial services, media, high- tech, universities, government institutions, and many others use and operate data centers to aid business processes, information management, and communications functions.*

*The U S. data center industry is in the midst of a major growth period stimulated by increasing demand for data processing and storage. This demand is driven by several factors, including but not limited to:*

- the increased use of electronic transactions in financial services, such as on-line banking and electronic trading,*
- the growing use of internet communication and entertainment,*
- the shift to electronic medical records for healthcare,*
- the growth in global commerce and services, and*
- the adoption of satellite navigation and electronic shipment tracking in transportation."*

3.29 As the report notes, the data center industry is in the midst of continued growth, however the construction of new data centers is not growing as rapidly. *"Today in U S. boardrooms, the investment and location focus is squarely on the I T sector, especially data center operations "* according to the Boyd Company, Inc, a corporate location consultant. *"From a real estate perspective, the growth of the data center industry is truly impressive"* notes John Boyd of the Boyd Company. *"I firmly believe that there will be a severe shortage of data center space over the next few years given the unprecedented growth of the industry in a number of key sectors: financial services, healthcare, retail, government, defense, etc."* states Boyd.

3.30 Statistics such as that noted by research group Tier 1 notes that data center demand is up 13 to 14 percent, while supply has increased just by 4 percent. At that rate it is only a matter of time. For companies that see growth or compliance initiatives in their future it is best that planning begin now along with careful examination of the possible impact that a data center space shortage in the United States will create for an organization.

3.31 The land boom illustrates the point at which cyberspace intersects with terra firma. There is an increasing shortage of facilities equipped to massage, transmit, and store the data

flowing from the surge in Web-based software and services. You may not give it a thought while firing up a Google search, downloading a song from iTunes, emailing with your Blackberry, or chatting on the phone via Vonage's Internet service. But all those tasks have to be processed on computers somewhere. And there are only so many places that offer the necessary power and access to big fiber-optic networks that can economically host giant rooms full of them. "It's kind of like finding a needle in a haystack," says Michael F. Foust, CEO of Digital Realty Trust Inc. (DLR), a San Francisco real estate investment trust that is a leading developer of data centers.

3.32 As more and more of digital doings take place via Net-based services rather than on software that resides in our home PCs, it's driving up costs for this most unsexy side of techdom. In the past years owners of commercial hosting centers have been able to increase their prices by 20% or more, say some data center operators. Gartner Group Inc. (IT) expects prices to rise as much as 70% as early as the first quarter of this year.

3.33 If more server farms aren't built -- and a state-of-the-art data center can cost up to \$1,500-\$2,000 a square foot, five to ten times the cost of conventional office space -- the squeeze might even crimp the ability of Net up-and-comers to bring new innovations to market. "I'm not seeing what I need to see" in terms of new capacity coming online, says Jay Adelson, the CEO of social networking Web site Digg.com, who also started Equinix Inc. (EQIX), a Foster City (Calif.) company that operates centers. Digg.com secured space in Equinix facilities, but Adelson asks: "There are hundreds of me out there, and where are we all going to go? There isn't [enough] data center space."

3.34 Over time, the available space was consumed, the cooling bills in corporate computing environments continued to grow, and now conditions have shifted. Market supply and demand is inverted the other way and there is more demand for, than supply of, cabinet space, power, and cooling to provide a healthy environment for servers. Now that occupancy rates are high, suppliers in high-demand geographic areas are in a position to choose clients that can bring the highest revenue per unit of floor space, hence the ability to issue ultimatums to existing customers.

3.35 Dallas, Texas is one of the top 10 locations in the world for data centers due in part to its proximity to an internet backbone at the University of Texas at Dallas in Richardson, Texas.

3.36 2020 Live Oak has been owned by several groups since 1999. In 1999-2000 approximately \$9,000,000 was spent to refurbish the property for 100% use as a telecom carrier hotel and internet data center. These redevelopment efforts were undertaken by real estate speculators who made the investment at the beginning of the telecom bust. 2020 Live Oak contains the necessary characteristics to be classified as a Tier III data center in that it has redundant sources of power from differing access points and TXU power substations as well as redundant fiber-optic connectivity to every major carrier from multiple access points to the building.

3.37 2020 Live Oak has approximately 13.5 megawatts of electricity available to the building (expandable to 21 megawatts without great expense) which can more than handle the modem data center customer power requirements at 100% occupancy.

### **Original Acquisition And Strategy For the Property By Unified 2020**

3.38 The previous owners of the property, entities controlled by the Namvar banking and real estate family of Beverly Hills, California, purchased the property in February of 2007. Not intending to sell the property, they were approached in August of 2007 by Edward Roush, a principal of Unified 2020 and offered \$14,000,000.00 for the property. Because of the uniqueness of the timing of Unified 2020's offer, and because of the desire of the Namvar's to redeploy their capital associated with 2020 Live Oak to other investments in closer proximity to them, they agreed to the proposal. A contract was signed in August 2007 and following a short due diligence period, Unified 2020 closed on the purchase in January 2008.

3.39 Edward Roush was led to 2020 Live Oak after spending most of 2007 studying the electricity industry in Texas and its deregulation and the link between key parcels of real estate and information technology services. In the course of his study of the electricity industry in Texas and the United States, Roush began looking for properties that were the largest consumers of electricity in the United States. This search immediately led him to data centers, which research indicates within the next 5 years will consume approximately 10% of all electricity consumed in the United States in a single year. Roush along with other investors took control of a small commercial electricity brokerage firm and developed the strategy to augment income of a commercial real estate investment by negotiating multi-year electricity supply contracts in exchange for the payment of commissions. This benefited an electricity supplier because it could in turn predict demand and assist the supplier in wholesale purchase contracts and hedging.

3.40 In the course of studying data centers as large consumers of electricity, Unified 2020's main principal discovered that the owners of most data centers were not fully realizing the value from the services and revenues that were being generated inside the properties. For example, most data center owners were leasing space to tenants at annual real estate rates comparable to office building rental rates, i.e., a range of \$15-20 per square foot annually, triple net, and providing significant tenant improvements in exchange for long term lease commitments.

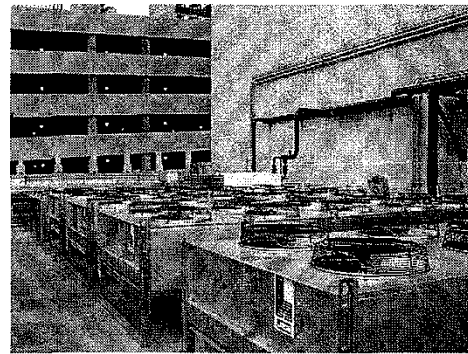
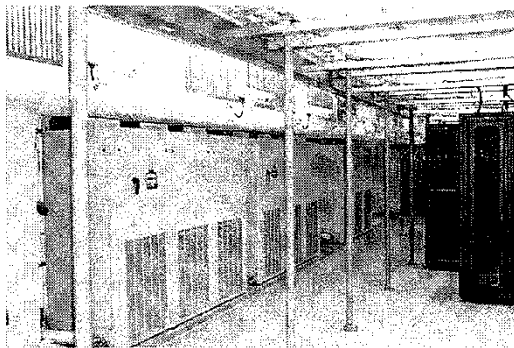
3.41 The tenants who were leasing such space were in fact service companies providing outsourcing services ranging from colocation of hardware to the provision of managed services to major Fortune 1000 and other companies, and charging for such services under master services agreements at rates starting from \$12.00 per square foot per month to upwards of \$40.00 per square foot per month. In other words, the real estate owners were missing out on millions of dollars of potential revenue, and more importantly, substantial increased equity valuations of their properties.

3.42 Most real estate developers had not taken the time to understand the uses of the data center tenant space by tenants. Correspondingly, IT professionals did not understand the nuances of a real estate investment. Unified's main principal then developed a strategy to bridge and combine both in a single transaction.

3.43 Industry research indicates that the cost to build a data center ranges from \$1,000 to \$1,500 per square foot. The acquisition of 2020 Live Oak by Unified 2020 from the Namvar family was at roughly 10% of replacement cost. Because of the low purchase basis, Unified 2020 could undercut the market and lease space at below market rates while at the same time substantially increasing net operating income and the equity value in the property. Conversely, Unified 2020 could offer various products to the market that competitors could not offer, including "as is" space, as well as data center space providing the full range of managed services which could result in rental rates of \$20-30 per square foot per month or higher.

3.44 Unified 2020 initially surrounded itself with other seasoned and experienced real estate construction experts and attorneys, as well as experienced and seasoned IT professionals who have managed and marketed data center space world-wide.

3.45 At closing on January 24, 2008, 2020 Live Oak was at approximately 38% occupancy with a net operating income of \$1.1 million. Tenants included, Verizon, Time- Warner, France Telecom, Level 3, Consolidated Communications, Clear Channel Communications, ITC Deltacom, Yipes Communications, XO Communications, Equis Corporation, and AboveNet.







3.46 The key characteristics of 2020 Live Oak Street are as follow:

- Property Identification:** 2020 Live Oak data center building located at 2020 Live Oak Street in the city of Dallas, Dallas County, Texas, 75201.
- Legal Description:** The subject site contains 1.253 acres and is legally described as being all of City Block No. 249, City of Dallas, Dallas County, Texas.
- Site Description:**
- Size: 1.253 acres (54,600 square feet).
  - Shape: The subject site is irregular in shape with direct street frontage on all four sides. The shape is conducive to the type of existing development.
  - Topography: At grade level with surrounding fronting streets
  - Floodplain Status: Not located within a floodplain

Zoning: Central Area District 1, as designated by the City of Dallas

**Improvements:**

Owner: The current owner is Unified 2020 Realty Partners, LP. which acquired the Property on January 24, 2008 from Dallas # 1, LLC (51%) and Rainbow LV Properties, LLC (49%), limited liability companies with principal ownership held by the Ezri Namvar family of Los Angeles, California.

Gross Building Area: 139,182 square feet

Net Rentable Area: 130,951 square feet

Parking Garage: Three (3) story structure and annex building of 64,908 GFA (gross floor area) containing 240 parking spaces.

Year of Construction: The property is comprised of a 12-story office building and an adjacent three-story parking garage and annex. The first three floors were built in 1938; the building was expanded to 12 floors in 1963. A substantial technical upgrade was performed in 1999 when upgraded power and cooling systems were added, among many other amenities.

Construction Components: As stated, the building was originally constructed in 1938 and expanded in 1963. The subject building contains 130,951 square feet of net rentable area. The building is constructed of a structural steel frame with a reinforced concrete infrastructure over a concrete slab foundation. The roof system is a gravel surfaced four-ply asphalt built-up roof membrane over R-19 insulation with an interior drainage system. The building features above standard finishes in terms of redundant power and water supplies, telecommunication and data capabilities, and life safety and security systems.

**Access / Visibility:**

As stated, the subject is comprised of an entire city block bounded by Live Oak Street on the north, Harwood Road on the west, Olive Street on the east and Pacific Avenue on the south. These streets serve as the primary connector streets in the western portion of the Dallas Central Business District and provide functional one-way access in all directions. Primary access to the property is provided off of Live Oak Street with a secondary access point off of Harwood Street. US 75 (North Central Expressway), located directly east of

the subject site, serves as one of the three main highway systems bordering the Dallas CBD.

Surrounding Uses:

Surrounding land uses within the immediate area consist of similarly designed office / hotel buildings, all being multi-story in design, typical of any major metropolitan central business district. Immediate surrounding land uses are as follows:

North: Live Oak Street/Sheraton Dallas Hotel

East: Olive Street /DART Substation

West: Harwood Street /office building/city park

South: Pacific Avenue/office building

Utilities:

Utilities are available in sufficient capacity to service the existing improvements.

Land-to-Building Ratio:

0.392: 1 based on 1.253 acres and a gross building area of 139,182 square feet

Foundation:

Reinforced concrete slab over compact dirt flooring and reinforced concrete footings

Floor Structure:

Concrete slab on grade with tile and carpet in office and common areas. Mechanical rooms have painted concrete flooring.

Exterior Walls:

Reinforced concrete and block with reinforced concrete perimeter columns supporting structural steel beams. Interior core is reinforced cast-in-place concrete

Roofing:

Flat built up roof with cover comprised of tar and gravel surface over heat sealed single membrane covering.

Ceilings:

Suspended acoustic tile in office areas and lobby. The ceiling of the office areas also has exposed conduit and fiber optic cabling throughout. The garage area has exposed concrete and steel joists.

- Exterior Doors:** Glass storefront doors in entry to the office area and metal exterior doors to warehouse areas
- Windows:** Primarily insulated double-pane glass in anodized aluminum frames.
- Electrical:** All materials, components and workmanship meet the building code requirements of the National Electric Code, the National Board of Fire Underwriters and all local codes and requirements. The subject building contains the necessary infrastructure characteristics to be classified as a Tier III data center in that it has redundant sources of power from differing access points and TXU power substations as well as redundant fiber-optic connectivity to every major carrier from multiple access points to the building. The building has 13.5 megawatts of electricity available in three subsurface electric vaults (the site has the capacity for an additional electric vault which could increase electrical capacity to as much as 21 megawatts). The current electrical usage of the building is just under 0.5 megawatt (at approximately 20% occupancy); hence, the power supply of 2020 Live Oak is fully capable of providing the electrical power requirements of the building at 100% occupancy. The flexibility and growth capabilities for increasing power requirements is an integral feature of the subject building. The subject has its own three phase power feed (16,000 amps and 480 volt) and multiple power backups in the forms of battery power and redundant generators.
- Plumbing:** Plumbing system is in compliance with the National Plumbing Code and all applicable local codes and requirements. With the extensive cooling required by switching equipment, the building provides designated pad sites on the top level of the parking garage for individual condensing units. Tenants are allowed an easement and riser space for necessary connections.
- HVAC:** The subject's mechanical system uses a water cooled chilled water plant for cooling and heating provided through hot water boilers. The water distribution is through chilled and hot water throughout the building, and the air distribution system consists of the HVAC air-handling units which provide environmental control.

**Generator Yard:** Site improvements also consist of an emergency back-up generator yard with the capacity of 11 large self-contained generators. A concrete fence encloses the generator yard. Electronically controlled and operated metal security gates control ingress and egress to the yard.

**Capital Expenditures:** Previous ownership of the building In 1999 upgraded the building's technical infrastructure with upgraded HVAC, extensive conduit and risers throughout the building, high grade electrical power and an upgraded fiber optic network (an estimated \$9 million in CAPEX was expended). The subject's power is fed by five surrounding regional substations servicing the Central Business District. Overall, the significant infrastructure upgrades associated with 2020 LiveOak can accommodate the most demanding requirements of office data center users. It is believed the building contains more power infrastructure than any other facility in downtown Dallas.

### **Enforcement of Landlord Rights Led to Blackballing of the Property**

3.47 Unified 2020 aggressively enforced its rights under various leases, particularly with respect to fighting renewal battles with large multi-national tenants. Most large leases at the Property had been entered into in 1999 and 2000 and were 10 year leases at low market rates relative to the rates the Property could command in today's market based upon the significant value add of access to what is believed the most power scalable power capacity of any other building in Dallas. Unified 2020 did not want to be saddled with long-term lease renewals at essentially 1999-2000 rates. It therefore had no choice but to challenge lease renewals and seek higher rates.

3.48 This strategy led to litigation, some successful and some not successful. The side effect was to create a chilling effect in the market to new business for 2020 Live Oak Street.

3.49 Realizing this, the principals of Unified 2020 made the decision to hold on as long as possible to outlast the 3 competitor buildings in downtown Dallas as they reached full occupancy and maxed out their power capacity. This they reasoned would have the effect on intrinsically increasing the value of vacant space with access to significant power capacity that could not be matched by any other similar building in the DFW area.

3.50 Moreover, Edward Roush knew that as a result of the landlord litigation and other litigation history of Mr. Roush, and in order to open up the building to new business, he would

ultimately need to distance himself from the control and management of the Property, so that prospective tenants would not be chilled. Unified 2020 then developed a strategy to begin to look for a means to re-engineer the ownership of the Property.

### **Appraisals and Valuation of the Property**

3.51 There have been 5 appraisals of the Property over the past 5 years; \$43,000,000 (bank commissioned appraisal); \$33,000,000 (bank commissioned appraisal); \$24,000,000 (bank commissioned appraisal); \$105,000,000 (Roush Family Trust commissioned appraisal addressing replacement cost and power valuation). The most recent appraisal was performed by Crosson Dannis in the last 120 days which assigned a value of approximately \$6,500,000 based solely on income approach. Due to the low occupancy this is understandable.

### **The Charitable Contribution Concept**

3.52 In order to purge the Property of the litigation stigma, capitalize on unique value propositions, and to open the Property up to wide-spread market interest, Unified 2020 made the initial decision to donate an undivided 75% interest to a charity called Team Heritage International, Inc. conditioned on their ability with an arms-length party not affiliated with Unified 2020 to bring Hillwood to the table as a partner with them to manage, lease, and finance a plan of reorganization that would result in the payment of all allowed claims at 100%.

3.53 A deed was recorded pre-petition but re-conveyed post-petition when the Team Heritage Charity could not perform.

3.54 The silver lining for Unified 2020, however, was the introduction to Unified 2020 of a more viable charity known as Moms Against Hunger.

### **The Harris County 74 Acres Transaction and Donation**

3.55 In late July 2009 the Debtor was in the midst of refinancing of the 2020 Live Oak Street real property located in downtown Dallas inasmuch as its existing debt facility had matured with Hillcrest Bank.

3.56 At the same time, Hillcrest Bank was under a cease and desist order with state and federal banking regulators and its days were numbered.

3.57 Through an existing attorney relationship, Edward Roush, a principal of the debtor was introduced to John Lau of JNC Partners who was then an existing borrower of United Central Bank of Garland, Texas.

3.58 Lau introduced Roush to James Yoo the then Chairman of United Central Bank ("UCB"). UCB agreed to pursue the refinancing of 2020 Live Oak Street, issued a loan commitment, and proceeded to a closing.

3.59 At the 11th hour of closing, UCB imposed an additional requirement on the debtor, which required it to guaranty a land loan of JNC Partners, LLC. at UCB. The Debtor was not a partner of JNC nor did it have any interest in any other real property. Having no choice but to meet this 11th hour requirement, the Debtor agreed to the terms and executed a guaranty in the approximate amount of \$2,800,000 on an unrelated loan and real property transaction. This guaranty was then secured by a second lien on the real property owned by the Debtor at 2020 Live Oak Street.

3.60 Roush expressed to Lau his displeasure at this last minute requirement and bank tying loan transaction. Roush required Lau to enter into a transaction to protect the Debtor in the event the 11th hour guaranty was ever called and inquired if Lau had any real property that he could pledge to secure the guaranty that the debtor was being required to make.

3.61 Lau responded he had 74 acres in Harris County near the Houston ship channel that was a planned as a residential development and that such property was free and clear of any liens. A package was shown to Roush that was formatted as a residential lot development package. Roush to that point had not seen the property and had no idea regarding the condition or location of the property. Roush knew from basic research that the property was listed on the tax rolls for an amount near \$1,100,000.

3.62 Lau told Roush that he was just not going to put up the property as a favor but that Roush would have to pay for the property. Lau required Roush to pay him \$150,000 personally and to also pay his existing attorney's fees bills of approximately \$200,000 for an aggregate of almost \$350,000 in exchange for the pledge of the 74 acres. Roush required JNC Partners to execute a note in favor of Debtor in the mirror amount of the guaranty or \$2,800,000 and to collateralize such note with the 74 acres. A note and deed of trust were prepared and executed by JNC Partners in favor of Debtor.

3.63 The transaction was consummated, Roush paid Lau the money and to his attorney on his behalf. It was always the agreement of Roush and Unified 2020 that if the 74 acres was ultimately not used or ultimately needed by Unified 2020 that the 74 acres would be returned to Roush or his entity.

3.64 In late 2010 UCB made demand on the debtor's \$2,800,000 guaranty of the JNC loan guaranty, inasmuch as JNC had defaulted to UCB on the underlying loan for which the 11th hour guaranty transaction had been mandated by UCB. Parenthetically it would appear the reason UCB originally wanted such a guaranty transaction was that their appraisal obtained in connection with the Debtor's loan on 2020 Live Oak Street was well in excess of \$30,000,000 when the loan was only \$13,400,000 and such significant equity could be used by them internally to bootstrap other loans.

3.65 Roush protested UCB's demand and threatened UCB with bank tying act claims. At the same time Roush caused the debtor to foreclose on the 74 acres, thinking the property may

be need to satisfy the UCB guaranty.

3.66 UCB ultimately abandoned any further claims relating to the \$2,800,000 loan guaranty on the JNC loan but has never released the second lien on 2020 Live Oak Street securing the \$2,800,000 guaranty.

3.67 Heavily preoccupied with other negotiations and matters, Roush never transferred the 74 acres back to himself or Rainmaker Advisors, LLC.

3.68 Instead, Roush allowed the debtor to attempt to sell and/or seek a loan against the property to be used for the benefit of the debtor, as the debtor was in need of capital during 2012.

3.69 During this process Roush physically visited the property for the first time in early 2012 and realized the property was not a potential residential development but was essentially an easement tract filled with Houston Power & Light high-power transmission lines and pipelines containing toxic refinery by-product chemicals.

3.70 The property was essentially not developable in any shape or form. The property was offered to VTL Partners, a small minority owner of Debtor's sole limited partner, for the cancellation of their interest but no agreement was reached.

3.71 Multiple loan packages and lenders were approached by Debtor seeking financing on the 74 acres. No lender closed a loan or even came close to making a loan.

3.72 Debtor's former attorney David Schiller even attempted to obtain and broker loans from other clients of his with no success.

3.73 In August 2012 UCB began serially posting the debtor's property at 2020 Live Oak Street for foreclosure each month. As a result, loan requests were routinely rejected on the 74 acres because of the debtor's position and foreclosure battle with UCB on 2020 Live Oak Street. No lender was going to loan money to Unified 2020 while they were in the middle of foreclosure proceedings on another property.

3.74 In March 2013 Roush, as a result of an introduction by the principals of Team Heritage International, met the principals of Moms Against Hunger from Baytown, Texas and made the decision to donate the property to them, rationalizing that at best he could salvage a charitable contribution deduction for the property when it became clear to him he would never recoup the \$350,000 that he paid for the property. The 74 acres was no longer needed by or could be used by Unified 2020 in financing efforts.

3.75 Moms Against Hunger because of the relationship of its principals with a financial lender was able to obtain a loan against the 74 acres in the amount of \$206,000. In connection with the Plan and the proposed sale of 2020 Live Oak Street to Moms Against Hunger as the stalking horse buyer, Moms Against Hunger has agreed to pay the \$206,000 to the Debtor in



connection with the sale as a compromise and settlement of any claim against them by the Debtor relating to the donation.

### **Financials**

3.76 Because the actual operations of the Debtor's business are not adequate to cover the debt service of the Debtor, and for the other reasons enumerated above, the Debtor has decided to sell its Property through its Plan. The stalking horse buyer is Moms Against Hunger Assignee AGT Global Holding, LLC. The proposed amended purchase price is \$23,546,591.27.

### **Future Income and Expenses Under the Plan**

3.77 The Debtor proposes to fund the Plan through a sale of the Property. The auction procedures are outlined in the Plan and as follows:

Pursuant to this Plan as part of the Confirmation of the Plan and entry of the Confirmation Order the Debtor will conduct a sale of the Property as follows: (a) Competing offers to acquire the Property shall:

- (i) be submitted in writing to the Debtor through its counsel on or before 4:00 p.m. (Central Time) on the business day that is no later than five days following the Confirmation Date;
- (ii) provide for total cash consideration that exceeds the Sales Proceeds of \$23,546,591.27 by at least Two Hundred Fifty Thousand Dollars (\$250,000.00);
- (iii) be accompanied by a signed asset purchase agreement in form and substance substantially similar to the Sales Agreement ("Agreement) attached hereto as Exhibit "A",1 (the "Competing Agreement"), together with a redlined, marked copy showing all changes to the asset purchase agreement between Moms Against Hunger and/or Assigns and Debtor, as amended and assigned by Moms Against Hunger to AGT Global Holding, LLC. on October 31, 2013 , the Debtor hereby reserving the right to reject any bid containing terms materially different from those in the Agreement;
- (iv) must not be subject to due diligence contingencies or other conditions beyond those imposed by Moms Against Hunger Assignee AGT Global Holding, LLC.; provided however, that any bidder other than Moms Against Hunger Assignee AGT Global Holding, LLC. shall have an opportunity to review the books and records of the Debtor, provided that such bidder shall execute a non-disclosure agreement in form and substance acceptable to the Debtor in Debtor's sole discretion (notwithstanding the foregoing, all due diligence must be completed by all qualified bidders prior to Auction (as defined below);
- (v) remain open until the conclusion of the Sales Date;
- (vi) contain terms and conditions no less favorable to Debtor than the terms and conditions of Moms Against Hunger Assignee AGT Global Holding, LLC.;

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<sup>1</sup> If there is a conflict between this Plan and the Agreement, the terms of this Plan shall control.

- (vii) be accompanied by admissible evidence in the form of affidavits or declarations establishing the bidder's good faith, within the meaning of applicable provisions of the Bankruptcy Code;
- (viii) be accompanied by admissible evidence in the form of affidavits or declarations establishing that the bidder is capable and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Competing Agreement;
- (ix) for no less than substantially all of the Property and Assumed Liabilities; and
- (x) contain a proposed closing date that is not later than ten days prior to the Effective Date of the Plan.

(b) If any bidders have submitted a qualifying competing bid in accordance with this Section (each such bid, a Qualified Bid), then a public auction of the Property shall be held the United States Bankruptcy Court for the Northern District of Texas, Dallas Division on the Sales Date. The Auction shall be governed by the following procedures:

- (i) All bidders shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and to have waived any right to jury trial in connection with any disputes relating to the Auction or the sale of the Property;
- (ii) Bidding will commence at the amount of the highest Qualified Bid;
- (iii) Each subsequent bid shall be in increments of no less than \$100,000; and
- (iv) For Moms Against Hunger Assignee AGT Global Holding, LLC., the Breakup Fee shall be taken into account in the bidding process, such that if the bid is \$8,000,000 Moms Against Hunger Assignee AGT Global Holding, LLC. may bid such amount in cash (\$7,096,181.52) plus the value of the Breakup Fee (\$903,818.48) to match the \$8,000,000 bid for a total bid of \$8,100,000.

(c) A hearing to approve the successful bid at the Auction shall be scheduled for no later than five (5) days following the Sales Date;

(d) The Breakup Fee in the amount of reasonable costs and fees incurred by the Mom's Against Hunger Assignee AGT Global Holding, LLC. not to exceed three percent (3%) of the total Sales Proceeds or \$903,818.48 is approved and shall be paid to Moms Against Hunger Assignee AGT Global Holding, LLC. from the Sales Proceeds at Closing, to be paid as a super-priority claim in the event that a Qualified Bidder outbids Moms Against Hunger Assignee AGT Global Holding, LLC. at the Auction sale and closes such purchase;

(e) No other bidder for the Property shall be entitled to payment of any Breakup Fee;

(f) Any entity that fails to submit a timely, conforming Qualified Bid, as set forth above, shall be disqualified from bidding for the Property at the Auction; and

(g) If no timely, conforming Qualified Bid is submitted, Debtor shall request the Court approve the proposed sale of the Property to Moms Against Hunger Assignee AGT Global Holding, LLC. pursuant to the Agreement and all the terms and conditions therein which are incorporated herein by this reference as if set forth in full for all purposes.

## **Projections**

3.78 The Pro forma for the future operations that will fund the Plan through the Sale of the Property to Mom's Against Hunger Assignee AGT Global Holding, LLC are described as follows:

ARTICLE IV  
ANALYSIS AND VALUATION OF PROPERTY

Real Property

4.1 The Debtor has prepared this Analysis based on its opinion of the value of its assets and it matches the numbers used in its Schedules filed with this Court. The most recent appraisal on the Debtor's Property is \$6,500,000 based solely on a current income approach with no consideration of replacement value, the value of the access to power, or replacement cost. An appraisal dated April 30, 2013 was commissioned by Edward Roush on 2020 Live Oak Street, and resulted in a valuation of \$105,000,000.00<sup>2</sup>

Personal Property

4.2 The Debtor has prepared this Analysis based on its opinion of the value of its assets and it matches the numbers used in its Schedules filed with this Court. There is no current appraisal on these assets.

Bank Account	\$1,354.33
Interests	TBD
Accounts Receivable	\$17,435,137.00
Final Judgment	\$11,311,918.56
Claims and Causes of Action <sup>3</sup>	TBD
Office Furniture	\$5,000.00
Office Machinery	\$500,000.00

Liquidation Value of Assets

In a fire sale type liquidation the Property would sell for less than the secured debts given today's market conditions and the costs of sale. The secured debt on a fair market basis is greater than the current value of the Property as determined by the most recent appraisal.

2020 Live Oak Street Value \$18,000,000 Secured Debt \$17,809,599.54

ARTICLE V  
SUMMARY OF THE PLAN

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<sup>1</sup> This value assumes a stabilized occupancy of the Debtor's real property at 75 percent. The Debtor's real property is not currently stabilized.

<sup>3</sup>

The Debtor designates the following Classes of Claims and Interests pursuant to Bankruptcy Code Section 1123. The Debtor shall pay all fees assessed by the Office of the United States Trustee until this Case is closed by the Court or the Debtor is otherwise released from such obligations by the Court.

Class 1 consists of any Allowed Administrative Claims.

Class 2 consists of any Allowed Secured Tax Creditor Claims (including ad valorem tax claims).

Class 3 consists of any Allowed Priority Creditor Claims.

Class 4 consists of Allowed Secured Claim of PTS.

Class 5 consists of Allowed Secured Claim of UCB. Class

6 consists of Allowed Secured Claim of BVL.

Class 7 consists of Allowed Secured Claim of Ray Mackey.

Class 8 consists of the Allowed General Unsecured Claims.

Class 8A consists of the Allowed General Unsecured Claims of

Insiders.

Class 9 consists of the Equity Interest Holders.

The Claims and Interests classified in Article shall be treated in the manner set forth in this Article.

Class 1 Claims. The Class 1 Claims are estimated to be \$100,000. The Allowed amount of Class 1 Claims will be paid once Allowed in full by the Debtor out of the Sales Proceeds at Closing and on or before the Effective Date. These claims are priority claims pursuant to Section 507(a)(1) of the Bankruptcy Code. These claims include claims for Debtor's attorney's fees and U.S. Trustee's fees. U.S. Trustee's fees must be paid until the case is closed. Debtor must file quarterly reports following confirmation and until the case is closed. The Class 1 Claims may agree to a different treatment which will be set forth in writing.

Class 2 Claims. The estimated amount of Class 2 Claims are based on tax years prior to the Petition Date. The claims against Debtor and its Property for past due ad valorem taxes for years prior to tax year 2013 shall be paid in full on before the Effective Date out of the Sales Proceeds at Closing. The estimated amount of these claims are \$771,635.71 (which breaks down as \$287,332.56 for 2011-2013 and \$484,303.15 for 2013) based on the filed proofs of claims. To the extent that the Property is sold as part of the Plan then the Class 2 Claimants will retain their post-petition liens against the Property to the Debtor until paid in full.

These creditors shall retain their liens to secure their claims until paid in full under this Plan. The Class 2 Claims shall be paid interest from the Petition Date at the rate of 1 % per month from the Petition Date through the Effective Date of the Plan and 1 2% per annum following the Effective Date until paid in full. In the event that Debtor disputes such claim, the payments will be applied to the undisputed amount of the claim as ultimately allowed. While resolution of any such objection is pending, payments pursuant to the Plan shall be applied to the undisputed portion of the claim as ultimately allowed. Such default must be cured by Debtor within 10 business days of the date of transmission of such notice of default. In the event the default is not cured, the Class 2 Claimants shall be entitled to pursue all amounts owed pursuant to state law outside of the Bankruptcy Court. The Class 2 Claimants shall only be required to provide two notices of default. Upon a third event of default, (i) the Class 2 Claimants shall be entitled to collect all amounts owed pursuant to state law outside of the Bankruptcy

Court without further notice. Failure to pay post-petition taxes prior to delinquency shall constitute an event of default.

These claims are secured claims.

The Class 2 Claims are Impaired and the holders of the Class 2 Claims are entitled to vote to accept or reject the Plan.

Class 3 Claims. The Class 3 Claims will be paid once Allowed in full on the Effective Date out of the Sales Proceeds at Closing.

The Class 3 Claims and the holders of the Class 3 Claims are entitled to vote to accept or reject the Plan. Class 4

Claim. The Class 4 Claim will be paid in full its Allowed Claim on the Effective Date out of the Sales Proceeds at Closing. These claims are secured claims. This creditor shall retain its liens to secure its claims until paid in full under this Plan. The estimated amount of these claims are \$511,305.76 (2011 taxes) and \$541,590.92 (2012 taxes). These amounts are taken from the filed proofs of claims.

The Class 4 Claims are Impaired and the holders of the Class 4 Claims are entitled to vote to accept or reject the Plan.

Class 5 Claim. The Allowed Secured Claim of United Central Bank.

- a. The Class 5 Claim of United Central Bank ("UCB") shall be an Allowed Secured Claim in the amount of \$12,614,018.20 or such amount as agreed to by UCB and the Debtor or if not agreed, then as determined by the Court. Debtor will pay UCB in full on its Allowed Secured Claim on the Effective Date out of the Sales Proceeds at Closing. The estimated amount of its total claim is \$16,659,773.65. This amount was taken from the Debtor's schedules. UCB shall have no Allowed Unsecured Claim after receipt of its Allowed Secured Claim.
- b. UCB shall have an Allowed Secured Claim as set forth above and shall maintain and have a first mortgage lien position on all of the real property, improvements and personal property of the Debtor (the "Collateral") as provided with in its loan documents with UCB (the "Loan Documents"). The Debtor acknowledges that there are tax liens ahead of the lien of UCB. UCB shall retain all liens until it is paid in full.
- c. The security interest and liens shall continue on behalf of UCB under the Plan and Confirmation Order shall constitute valid and duly perfected security interests and liens, and either the Confirmation Order or the Plan shall be sufficient and conclusive evidence of the priority, perfection and validity of all of the security interests and liens upon the collateral granted to UCB hereunder, and UCB shall not be required to file, record or serve any financing statements, mortgages, notice or other documents which may otherwise be required under federal or state law in any jurisdiction or to take any other action (including the taking of possession) to validate or perfect such post-petition security interest and liens. If UCB shall, in its discretion, elect for any reason to file any such financing statements, mortgages, notices or other documents with respect to such security interests and liens, or take any other action to evidence or perfect same, the Debtor is authorized and required to, or cause to be executed, all such financing statements, deeds of trust, notices or other documents upon UCB's request. UCB may, in its discretion, file a copy of either the Order Confirming Plan, the Plan and/or any other instruments reflecting the terms of its agreements with the Debtor in any filing or recording office in any jurisdiction in which the Debtor may have an interest in property and, in such event, the subject filing or recording officer is

authorized and directed to file or record such certified copy of either the Order Confirming Plan or the Plan in accordance with applicable law.

- d. The unmodified terms of the UCB pre-Petition Date loan documents are not modified by the Plan or Confirmation Order unless specifically stated in the Plan. If requested by UCB, Debtor shall execute all necessary loan and related documents with the terms stated in this Plan including any modifications and standstill agreements.
- e. Additionally, any default in the Debtor's payments under the Plan to any *ad valorem* taxing authorities shall constitute a default under UCB's Loan Documents. Nothing herein shall affect UCB's rights against, and/or the obligations of, the guarantors under the Loan Documents. Upon a default to UCB, UCB shall be entitled to pursue its contract and state law remedies without further notice or recourse to, or order of, the Court. Notwithstanding any provisions to the contrary in the Debtor's Plan, the Disclosure Statement or any orders approving the Debtor's Plan and/or the Disclosure Statement, UCB shall retain its priority liens in and against all of the Debtor's real and personal property until \$12,614,018.20 is paid from the sale proceeds.
- f. The Class 5 Claim is Impaired and the holder of the Class 5 Claim is entitled to vote to accept or reject the Plan.

Class 6 Claim. The Allowed Secured Claim of BVL.

- a. The Class 6 Allowed Claim of BVL shall be treated as a subordinated unsecured claim in the amount of \$1,000,000.00 or such amount as determined by the Court. Debtor will pay BVL after the payment of all Allowed Unsecured Claims in Class 8A under the Plan. The estimated amount of this claim is \$1,000,000.00. BVL shall retain no lien on the Property.
- b. The Class 6 Claim is Impaired and the holder of the Class 6 Claim is entitled to vote to accept or reject the Plan as an insider.

Class 7 Claim. The Class 7 Claim will be paid in full its Allowed Claim on the Effective Date out of the Sales Proceeds at Closing. This claim is a secured claim. This creditor shall retain its liens to secure its claims until paid in full under this Plan. The estimated amount of this claim is \$9,750.00.

The Class 7 Claim are Impaired and the holder of the Class 7 Claim is entitled to vote to accept or reject the Plan.

Class 8 Claims. The Class 8 Claims will be paid once Allowed pro rata out of the Sales Proceeds. The estimated amount of these claims is \$15,719,149.77 all of which are disputed. As of September 4, 2013 the unsecured claims filed in the case total \$20,885,143.34. The projected return to this Class of Claimants is less than 100%.

The Class 8 Claims are Impaired and the holder of a Class 8 Claim is entitled to vote to accept or reject the Plan.

Class 8A Claims. The Class 8A Claims will be paid once Allowed pro rata out of the Sales Proceeds. The estimated amount of these claims is \$992,993.57; all of which are disputed. The projected return to this Class of Claimants is less than 100%.

The Class 8A Claims are Impaired and the holder of a Class 8A Claim is entitled to vote to accept or reject the Plan.

Class 9 - Equity Interests Holders. On the Confirmation Date, all Equity Interests shall be cancelled.

The Equity Interest holders are Impaired under the Plan.

6.1 **Implementation of Plan.** This Plan will be implemented, pursuant to § 1123(a)(5) of the Code, by the distribution of Sales Proceeds as called for above. This Plan relies on the Sales Proceeds from the sale of the Debtor's Property. Debtor requests Confirmation of the Plan under the provision of Section 1129 of the Code, which permits cram down of the Plan. Daniel J. Sherman, Trustee shall act under the Plan as the Disbursing Agent to make distributions called for by the Plan before and after the sale of the Property. He shall remain the sole signatory on the Debtor's bank accounts to accomplish this purpose. He will also provide an accounting to the Court of the funds he handles and disburses each month that the Debtor has funds on hand to disburse and the case remains open.



6.2 Proposed Sale of Property. On July 30, 2013 Debtor entered into a Purchase And Sale Agreement with Moms Against Hunger providing for the sale of certain of Debtor's Property and Assets (the "Moms Contract"). On October 31, 2013 Moms Against Hunger assigned its rights under the Moms Contract to AGT Global Holding, LLC. A copy of this assignment is attached as an exhibit. The Debtor and AGT Global Holding, LLC. have agreed to an amendment of the Moms Contract whereby among other things, the purchase price for the Property has been reduced to \$23,546,591.27. Upon execution of the final Moms Contract Amendment, Debtor will supplement this First Amended Disclosure Statement with a copy of such amendment. AGT Global Holding, LLC. has obtained a loan commitment to finance the purchase of the Property. A copy of this loan commitment is attached as an exhibit. Information about the purchaser and its principals may be found at [www.agtcapital.com](http://www.agtcapital.com).

6.3 Key Plan Dates.<sup>4</sup>

<u>Petition Date:</u>	5/6/2013
<u>Bar Date:</u>	9/4/2013
<u>Confirmation Date:</u>	TBD (date Court enters Confirmation Order) 3
<u>Date: Plan Term:</u>	Years following Effective Date
<u>Effective Date:</u>	Later of: 5 Days following Closing of Sale or 60 days from Confirmation Date
<u>Bid Deadline:</u>	5 Days following Confirmation Date
<u>Sales Date:</u>	Actual Auction Sale Date not later than 10 Days following Bid Deadline
<u>Sales Approval Date:</u>	5 Days following Sales Date
<u>Date: Closing Date:</u>	30 Days following Sales Approval Date

ARTICLE VII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Rejection of Executory Contracts and Unexpired Leases. Debtor shall assume, pursuant to Bankruptcy Code Section 1123(b)(2), its unexpired leases of real property and executory contracts by separate motion and order prior to the Confirmation Date or as part of Confirmation of a Plan in this case.

7.2 Reservation of Rights. The Debtor shall have the right to assume or reject, pursuant to Bankruptcy Code Section 365, prior to the Confirmation Date, any executory contract or unexpired lease of real property (to the extent permitted under the Bankruptcy Code) and to the terms of this Plan.

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<sup>4</sup> Subject to adjust or change as part of Confirmation Order which will approve these sales procedures.

7.3 Bar Date for Claims Based on Rejection. If the rejection of an executory contract or an unexpired lease by the Debtor results in damages to the other party or parties to such contract or lease, a Claim for such damages shall be forever barred and shall not be enforceable against the Debtor or their properties or agents, successors, or assigns, unless a proof of Claim is filed with the Bankruptcy Court and served upon the Debtor, by the earlier of (a) the end of the month following the period in which the Effective Date occurs or (b) such other deadline as the Court may set for asserting a Claim for such damages. Any Rejection Claim arising from the rejection of an unexpired lease or executory contract shall be treated as a General Unsecured Claim; *provided, however*, that any Rejection Claim based upon the rejection of an unexpired lease of real property either prior to the Confirmation Date or upon the entry of the Confirmation Order shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. Nothing contained herein shall be deemed an admission by the Debtor that such rejection gives rise to or results in a Claim or shall be deemed a waiver by the Debtor of any objections to such Claim if asserted.

#### ARTICLE VIII FEASIBILITY OF PLAN

8.1 Debtor asserts that its Plan is feasible based on Exhibits "A", "B" and "C".

#### Procedure for Filing Proofs of Claims and Proofs of Interests

8.2 All proofs of claims and proofs of interests must be filed by those Claimants and Equity Interest Holder who have not filed such instruments on or before the Bar Date fixed by the Court.

8.3 If Claimants have already filed a proof of claim with the Court or are listed in the Debtor's Schedules as holding non-contingent, liquidated and undisputed claims, a proof of claim need not be filed. The schedules and amendments thereto are on file with the Court and are open for inspection during regular Court hours. If the equity security interest of an Equity Interest Holder is properly reflected in the records of the Debtor, a proof of interest need not be filed.

#### ARTICLE IX ALTERNATIVES TO DEBTOR'S PLAN

9.01 If the Debtor's Plan is not confirmed, the Debtor's bankruptcy case may be converted to a case under Chapter 7 of the Code, in which case a trustee would be appointed to liquidate the assets of the Debtor for distribution to its Creditors in accordance with the priorities of the Code. Since the Debtor's assets are subject to liens that there would be little or no distribution to unsecured creditors in Chapter 7.

#### ARTICLE X RISKS TO CREDITORS UNDER THE DEBTOR'S PLAN

10.01 Claimants should be aware that there are a number of substantial risks involved in consummation of the Plan. The Plan contemplates that the Debtor will generate revenue sufficient to fund the Plan from the sale of the real property located at 2020 Live Oak Street, Dallas, Texas. The Debtor does not "guarantee" that the expenses will equal those in the projections; however, the Debtor believes that the projections are reasonable.

## ARTICLE XI TAX CONSEQUENCES TO THE DEBTOR

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED OR RELIED UPON, AND CANNOT BE USED OR RELIED UPON, BY HOLDERS OF CLAIMS OR INTERESTS OR ANY OTHER PERSONS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS OF CLAIMS OR ANY OTHER PERSONS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF U.S. TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND

(C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

### A. Introduction

The following discussion summarizes certain material U.S. federal income tax consequences of the Plan to the Debtor and holders of Claims and Interests. The summary is provided for general informational purposes only and is based on the United States Internal Revenue Code of 1986, as amended (the "Tax Code"), the treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice, all as in effect as of the date hereof (except as otherwise noted below with regard to the American Recovery and Reinvestment Act of 2009), and all of which are subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below. The United States federal income tax consequences of the Plan are complex and in important respects uncertain. No ruling has been requested from the Internal Revenue Service (the "Service"); no opinion has been requested from Debtor's counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The following discussion does not address all aspects of federal income taxation that may be relevant to a particular holder of a Claim or Interest in light of its particular facts and circumstances or to particular types of holders of Claims subject to special treatment under the Tax Code. For example, the discussion does not address issues of concern to broker-dealers or other dealers in securities, or foreign (non-U.S.) persons, nor does it address any aspects of state, local, or foreign (non-U.S.) taxation, or the taxation of holders of Interests in a Debtor. In

addition, a substantial amount of time may elapse between the Confirmation Date and the receipt of a final distribution under the Plan. Events subsequent to the date of this Disclosure Statement, such as the enactment of additional tax legislation, court decisions or administrative changes, could affect the federal income tax consequences of the Plan and the transactions contemplated hereunder.

On February 13, 2009, the House of Representatives and the Senate passed H.R.1, the American Recovery and Reinvestment Act of 2009 (the Recovery Act), a stimulus bill that includes tax breaks for businesses and individuals. The President signed the Recovery Act on February 17, 2009. The following discussion does not address any aspects of the Recovery Act, some of which may be relevant to a particular holder of a Claim or an Interest.

THE DISCUSSION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH ITS TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

#### B. Certain Definitions

Except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined herein or in the Plan shall have the respective meanings assigned to them in this Article.

"COD" shall mean cancellation of indebtedness income.

"NOL" shall mean net operating loss.

#### C. Certain Material Federal Income Tax Consequences to the Debtor

Cancellation of a Debtor's debt is generally taxable income to the Debtor. COD is the amount by which the indebtedness of a Debtor discharged exceeds any consideration given in exchange therefore. Cancellation of a debt may not necessarily be COD, however. To the extent that the Debtor is insolvent, or if the Debtor is in bankruptcy, as is the case here, the Tax Code permits the Debtor to exclude the COD from its gross income. The statutory exclusion for COD in a title 11 case generally excludes COD from gross income if the discharge is granted by a court to a Debtor under its jurisdiction in a title 11 case, as is sought herein.

The price for the bankruptcy COD exclusion (as well as the insolvency exclusion) is reduction of the Debtor's tax attributes to the extent of the COD income, generally in the following order: NOLs for the year of the discharge and NOL carryovers from prior years; general business tax credit carryovers; minimum tax credit available as of the beginning of the year following the year of discharge; net capital loss for the year of discharge and capital loss carryovers from prior years; basis of the Debtor's assets; passive activity loss and credit carryovers from the year of discharge;

and foreign tax credit carryovers to or from the year of discharge. The reduction of attributes does not occur until after the end of the Debtor's tax year in which the COD occurred, so they are available to the Debtor in determining the amount of its income, loss and tax liability for the year of discharge.

As a result of the implementation of the Plan, the Debtors will have COD and potential attribute reduction. Because any reduction in tax attributes does not effectively occur until the first day of the taxable year following the taxable year in which the COD is incurred, the resulting COD, on its own, should not impair the ability of the Debtor to use their tax attributes (to the extent otherwise available) to reduce their tax liability, if any, otherwise resulting from the implementation of the Plan.

Under section 382 of the Tax Code, if a corporation undergoes an "ownership shift," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation. Although the Plan allows for an ownership change it is doubtful that one will occur and as such any owner of the Debtor should consult his own tax adviser concerning the effect of the Plan.

The United States federal income tax consequences of payment of Allowed Claims pursuant to the Plan will depend on, among other things, the consideration received, or deemed to have been received, by the holder of the Allowed Claim, whether such holder reports income on the accrual or cash method, whether such holder receives distributions under the Plan in more than one taxable year, whether such holder's Claim is allowed or disputed at the Effective Date, whether such holder has taken a bad debt deduction or worthless security deduction with respect to its Claim.

In general, a holder of a Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the amount of such holder's basis in its Claim. Any gain or loss recognized in the exchange may be long-term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to limitations under the Tax Code. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The amount realized by a holder generally will equal the sum of the cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date and/or any subsequent distribution date, less the amount (if any) allocable to Claims for interest. All holders of Allowed Claims are urged to consult their tax advisors. A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of Section 453B of the Tax Code.

#### D. Importance of Obtaining Professional Tax Assistance

The foregoing discussion is intended only as a summary of certain U.S. federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for general information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's individual circumstances.

HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

ARTICLE XII  
PENDING LITIGATION

12.01 As of the date of the filing of this Disclosure the significant matters pending are as follows: Motion to Remove Edward Roush as Manager, Motion to Appoint Trustee, Motions to Use Cash Collateral, various discovery motions and motions to compel. On or about August 9, 2013, Daniel J. Sherman was appointed as Trustee pursuant to the consent of the Debtor and an agreed order.

ARTICLE XIII  
SUMMARY OF SIGNIFICANT ORDERS ENTERED DURING THE CASE

13.01 As of the date of the filing of this Disclosure the following significant orders have been entered in this case: Orders Granting Use of Cash Collateral, Order Granting Application to Employ Counsel [84], Order Granting Application to Employ Michael Flynn Southland Property Tax Consultants [85], and Order Granting Application to Employ Samir Patel [94]. On or about August 9, 2013, Daniel J. Sherman was appointed as Trustee pursuant to the consent of the Debtor and an agreed order.

Submitted By:

By: /s/ Arthur I. Ungerman  
Arthur I. Ungerman State Bar  
No.20391000

8140 Walnut Hill Lane  
Suite 301  
Dallas, Texas 75231  
(214) 503-4033  
(214) 503-4034 (Fax)  
Attorney for Debtor

UNIFIED 2020 REALTY PARTNERS,  
LP., a Texas limited partnership

By: Unified 2020 Realty Partners GP, LLC.,  
Its Sole General Partner

By: BVL Partners, LLC., Its  
Sole Manager

By: /s/Edward Roush  
Its Sole Manager