

UNITED STATES BANKRUPTCY COURT
Northern District of Florida
Pensacola Division

PANAMA CITY INVESTMENTS, LLC.,
Debtor in Possession.

Bankruptcy Case No. 16-50200-KKS
Chapter 11
Judge: Karen K. Specie

**DISCLOSURE STATEMENT IN SUPPORT OF PLAN OF REORGANIZATION OF
PANAMA CITY INVESTMENTS, LLC.**

PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. THE PLAN PROPONENT BELIEVES THAT THE PLAN OF REORGANIZATION IS IN THE BEST INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE PLAN PROPONENT URGES THE VOTERS TO ACCEPT THE PLAN.

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. PRELIMINARY STATEMENT, HISTORY AND FINANCIAL CONDITION OF DEBTOR.....	5
III. DEBTOR'S OPERATION AND STRUCTURE.....	6
IV. MEANS OF EFFECTUATING THE PLAN.....	10
V. ANALYSIS OF THE PLAN VS. LIQUIDATION ANALYSIS.....	11
VI. FEASIBILITY.....	11
VII. CONFIRMATION BY CRAM DOWN.....	12
VIII. EFFECT OF CONFIRMATION OF THE PLAN.....	12
IX. RISK FACTORS.....	13
X. POST-CONFIRMATION STRUCTURE.....	14
XI. MISCELLANEOUS PROVISIONS.....	15

EXHIBITS:	
Exhibit A – Plan Projections	

I. INTRODUCTION

Panama City Investments, LLC (the “Debtor” or the “Plan Proponent”) provides this Disclosure Statement (the “Disclosure Statement”) to creditors of the Debtor in order to disclose information deemed to be material, important, and necessary for the creditors to arrive at a reasonably informed decision in exercising their right to abstain from voting or to vote for acceptance or rejection of the Plan of Reorganization (the “Plan”) proposed by the Proponent. A copy of the Plan is included in the package you received along with this Disclosure Statement.

Capitalized terms used herein have the meanings assigned to them in the Definitions section in the Plan. Whenever the words “include,” “includes” or “including” are used in this Disclosure Statement, they are deemed to be followed by the words “without limitation.”

This Disclosure Statement is presented to certain holders of Claims against and Interests in the Debtor in accordance with the requirements of Bankruptcy Code § 1125. Bankruptcy Code § 1125 requires that a disclosure statement provide information sufficient to enable a hypothetical and reasonable investor, typical of the debtor’s creditors and interest holder, to make an informed judgment whether to accept or reject a plan. This Disclosure Statement may not be relied upon for any purpose other than that described above. The Effective Date of the proposed Plan is estimated to be on or before March 31, 2017 but may be later based upon the conditions precedent for the Effective Date as described in this Disclosure Statement.

This Disclosure Statement and the Plan are an integral package, and they must be considered together for the reader to be adequately informed. This introduction is qualified in its entirety by the remaining portions of this Disclosure Statement (including its Exhibits or Schedules), and this Disclosure Statement in turn is qualified in its entirety by the Plan. This Disclosure Statement contains only a summary of the Plan. You are strongly urged to review the Plan, a copy of which is provided herewith, before casting a Ballot.

If there are any inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will govern.

No representations concerning the Debtor (particularly as to the values of its property) are authorized other than as set forth in this Disclosure Statement. You should not rely upon any representations or inducements made to secure your acceptance or rejection of the Plan other than as contained in this Disclosure Statement.

The information contained in this Disclosure Statement, including any exhibits concerning the financial condition of the Debtor, has not been subjected to an audit or independent review except as expressly set forth herein. The Plan Proponent has endeavored in good faith to be accurate in this Disclosure Statement.

The statements contained in this Disclosure Statement are made as of the date of this Disclosure Statement unless another time is specified. There is no guarantee that facts will not change after this Disclosure Statement was filed; and it must be assumed that some

facts will indeed change from that time until the hearing on the approval of the Disclosure Statement (discussed below), and thereafter during the periods in which the Reorganized Debtor makes payments under the Plan.

This Disclosure Statement was prepared in accordance with Bankruptcy Code § 1125 and not in accordance with federal or state securities laws or other applicable non-bankruptcy law. Entities holding or trading in or otherwise purchasing, selling or transferring claims against, interests in or securities of, the debtor should evaluate this Disclosure Statement only in light of the purpose for which it was prepared. This Disclosure Statement has not been approved or disapproved by the Securities and Exchange Commission and the Securities and Exchange Commission has not passed upon the accuracy or adequacy of the statements contained herein. Nor may this Disclosure Statement be construed to be advice on the tax, securities or other legal effects of the Plan. You should, therefore, consult with your own legal, business, financial and tax advisors as to any such matters concerning the solicitation, the Plan or the transactions contemplated thereby.

A. Overview of Chapter 11

Chapter 11 comprises the chapter of the Bankruptcy Code primarily used for business reorganization. Formulating a plan to restructure a debtor's finances forms a fundamental purpose of a case under chapter 11 of the Bankruptcy Code. Businesses also sometimes use Chapter 11 as a means to conduct asset sales and other forms of liquidation. Whether the Debtor seeks to reorganize or liquidate, a Chapter 11 plan sets forth and governs the treatment and rights creditors and interest holders will receive with respect to their claims against and equity interests in a debtor's bankruptcy estate.

The Bankruptcy Code entitles only holders of impaired claims or equity interests who will receive some distribution under a proposed plan to vote to accept or reject the plan. The Bankruptcy Code conclusively presumes that holders of unimpaired claims or equity interests under a proposed plan have accepted the plan and need not vote on it. The Claims in Classes 1, 2, 3 and 5 of the Plan are Impaired and thus may vote either to accept or reject the Plan. The Plan Proponent has enclosed a Ballot with this Disclosure Statement to solicit the votes of the Creditors in Classes 1, 2, 3 and 5. Those Creditors may vote on the Plan by completing the enclosed Ballot and mailing it to the following address of the Clerk as set forth on the ballot.

The address for communication with counsel for the Plan Proponent is as follows:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA Z. REVELL
2441 US HIGHWAY 98W, SUITE 109
SANTA ROSA BEACH, FL 32459

You should use the Ballot sent to you with this Disclosure Statement to cast your vote for or against the Plan. You may not cast Ballots or vote orally or by facsimile. **For your Ballot to be considered by the Bankruptcy Court, it must be received by the date fixed by the**

Bankruptcy Court on the accompanying scheduling order (the “Voting Deadline”). If you are a Creditor in Class 1, 2, 3, and 5 and you did not receive a Ballot with this Disclosure Statement, please contact:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQ.
2441 U.S. HIGHWAY 98W, SUITE 109
SANTA ROSA BEACH, FL 32459
TEL. (850) 267-2111

A ballot that does not indicate acceptance or rejection of a plan will not be considered. An impaired class of claims accepts a plan if at least 2/3 in amount and more than 1/2 in number of the allowed claims in the class that actually vote are cast in favor of the plan. A class of interests accepts a plan if at least 2/3 in amount of the allowed interests of such class that actually vote are cast in favor of the plan. Whether or not you vote, you will be bound by the terms and treatment set forth in the Plan if the Bankruptcy Court confirms the Plan. The Bankruptcy Court may disallow any vote accepting or rejecting the Plan if the vote is not cast in good faith.

Once it is determined which impaired classes have accepted a plan, the Bankruptcy Court will determine whether the plan may be confirmed. For a plan to be confirmed, the Bankruptcy Code requires, among other things, that the plan be proposed in good faith and comply with the other applicable provisions of Chapter 11 of the Bankruptcy Code, including a requirement that at least one class of impaired claims accept the plan, and that confirmation of the plan is not likely to be followed by the need for further financial reorganization. The Bankruptcy Court will confirm a plan only if it finds that all of the requirements enumerated in Bankruptcy Code § 1129 have been met. The Plan Proponent believes that the Plan satisfies all of the requirements for confirmation.

One requirement for confirmation of a plan is called the “best interests test.” Notwithstanding acceptance of the plan by each impaired class of claims, in order to confirm a plan, if even one member of an impaired class votes to reject the plan, the Bankruptcy Court must determine that the plan is in the best interests of each holder of a claim or interest in such class. The best interests test requires that the Bankruptcy Court find that the plan provides to each member of such impaired class a recovery on account of the class member’s claim or interest that has a value, as of the Effective Date of the Plan, at least equal to the value of the distribution that each such class member would have received if the Debtor’s assets were liquidated under Chapter 7 of the Bankruptcy Code on such date.

The Bankruptcy Code also requires that, in order to confirm a plan, the Bankruptcy Court must find that confirmation of a plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor (“financial feasibility test”). For a plan to meet this test, the Bankruptcy Court must find that the Debtor’s estate and the Reorganized Debtor possess the capital and should generate the other resources to meet their respective obligations under the Plan. The Plan Proponent believes that following confirmation of the Plan, the Reorganized

Debtor will be able to fully perform all obligations under the Plan without any need for liquidation or further financial reorganization.

The Bankruptcy Court may confirm a plan notwithstanding the plan's rejection by some impaired classes, if the Bankruptcy Court finds that at least one impaired class of claims (not including any acceptances by "insiders" as defined in Bankruptcy Code § 101(31)) has accepted the plan and that the plan satisfies certain additional conditions. This provision, found in Bankruptcy Code § 1129(b), is generally referred to as the "cram down" provision. Pursuant thereto, the Bankruptcy Court may confirm a plan over the rejection by a class of secured claims if the plan is fair and equitable and satisfies one of the alternative requirements of Bankruptcy Code § 1129(b)(2)(A) (otherwise known as "cram down"). Likewise, the Bankruptcy Court may confirm a plan over the rejection by a class of unsecured claims if the plan is fair and equitable and if the non-accepting claimants will receive the full value of their claims, or (even if the non-accepting claimants receive less than full value), if no class of junior priority will receive or retain anything on account of its pre-petition claims or interests.

THESE ARE COMPLEX STATUTORY PROVISIONS, AND THE PRECEDING PARAGRAPHS ARE NOT INTENDED TO BE A COMPLETE SUMMARY OF THE LAW. IF YOU DO NOT UNDERSTAND THESE PROVISIONS, PLEASE CONSULT WITH YOUR ATTORNEY. THE PLAN PROPONENT EXPECTS THAT IT MAY HAVE TO RELY UPON THE "CRAMDOW" PROVISION OF BANKRUPTCY CODE § 1129(b) IN ORDER TO CONFIRM THE PLAN.

The Bankruptcy Court has set a hearing on confirmation of the Plan for _____, 2017 at _____m., at the United States Courthouse, 30 W. Government Street, Panama City, FL 32401. Creditors may vote on the Plan by filling out and mailing the accompanying ballot form to counsel for the Plan Proponent as the address shown below. Your Ballot must be filed on or before _____, 2017.

Your ballot must be received by _____, 2017 or it will not be counted.

Please complete your Ballot and return it in the envelope provided to:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQ.
2441 U.S. HIGHWAY 98W, SUITE 109
SANTA ROSA BEACH, FL 32459

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

Objections to the confirmation of the Plan must be filed on or before _____, 2017 with the Bankruptcy Court and served upon Plan Proponent's counsel at the following addresses:

ZALKIN REVELL, PLLC
ATTENTION: NATASHA REVELL, ESQ.
2441 U.S. HIGHWAY 98W, SUITE 109
SANTA ROSA BEACH, FL 32459
TEL. (850) 267-2111

Any interested party desiring further information about the Plan should contact the Plan Proponent's counsel at the above address.

II. PRELIMINARY STATEMENT, HISTORY AND FINANCIAL CONDITION OF DEBTOR

A. Description and History of the Debtor's Business

The Debtor is a limited liability company organized under the laws of the State of Florida. The Debtor was established in 2011 as a real estate management company. Charles Cottle and Tricia Cottle are the members and managers of the Debtor.

B. Summary of Reasons for Filing Petition

In or about March 2015, the Debtor borrowed funds from Brian and Carolyn Gorman (the "Gormans") which funds were used to refinance a prior mortgage on the Highway 231 Property and to perform improvements to the Highway 231 Property to render it suitable as a restaurant location. Following the renovations, Smokin' Hot BBQ & Stuff, LLC ("Smokin' Hot"), a limited liability company, also owned by the Debtor's manager, began restaurant operations at the Highway 231 Property. Smokin' Hot, however, never generated a profit and operated at a loss from the time of its inception to the time its operations were closed in July, 2016. Due to the failure of Smokin' Hot, the Debtor received no rental on the Highway 231 Property and, accordingly, was unable to make the mortgage payments to the secured lender, the Gormans.

The Debtor also owned the Resota Beach Property; however the tenant at that property failed to make all of the payments required under the lease. Post-Petition, the tenants vacated the Resota Beach Property without paying any rent and caused significant damage to the Resota Beach Property prior to vacating the premises. Following the vacation of the tenants from the premises, the Debtor performed substantial repairs to the Resota Beach property in order to render it suitable for sale, which repairs were funded by post-petition contributions to the Debtor from the Debtor's member.

In or about February 2016, the Gormans commenced a foreclosure action in the Circuit Court in and for Bay County at Case No. 16-CA000114. On or about May 25, 2016, partial summary judgment was entered in favor of the Gormans and a judicial sale of the Highway 231 and Resota Beach Properties was set for July 27, 2016. On July 26, 2016, the Debtor filed its Petition under Chapter 11, thus staying the sale of the Properties.

The Debtor has been designated a "small business debtor" pursuant to Bankruptcy Code §101(51D) and is subject to the provisions contained in Bankruptcy Code §1116.

C. Significant Events during the Bankruptcy

1. Brief History of Key Motions Filed.

The Debtor filed for Bankruptcy Protection on July 26, 2016. The Debtor filed a Motion for Authorization to Employ Full Sail Realty ("Full Sail") on September 22, 2016 (Doc. 27). The motion was granted on November 16, 2016 (Doc. 36). The Order provided that the Debtor was authorized to execute a listing agreement with Full Sail regarding the Highway 231 Property and to execute a future listing agreement with Full Sail regarding the Resota Beach Property if the Debtor determined that doing so is in the best interests of the Estate.

2. Actions Taken to Resolve the Debtor's Financial Problems

As a first step to resolving the Debtor's financial problems, the Debtor reduced certain expenses and secured the Highway 231 Property. The Debtor also sought to evict the tenants from the Resota Beach Property and to collect outstanding rents owed.

The Debtor has also listed the Highway 231 Property and reduced the sale price of the same in January of 2016 to \$350,000.00 so as to pursue a more expeditious sale of the property. The realtor has reported substantial interest in the property to date and is pursuing aggressive marketing of the property following the recent price reduction.

The Debtor is also pursuing the sale of the Resota Beach Property, and will list the same with Full Sail as of the Confirmation Date should it not be sold prior to that time.

It is anticipated that the sale of both properties will provide ample funds to fully pay all of the Class 1, 2 and 3 Secured Claims as well as providing funds for distribution to the unsecured creditors.

The Debtor has reserved all rights and claims against the tenants who damaged the Resota Beach Property and has not yet determined whether pursuing any such legal remedies will be in the best interest of the estate.

3. Source of Financial Information

The source of financial information for this Disclosure Statement and Plan is from reports from the Debtor, through the Debtor's manager. The financial information contained herein, including the exhibits annexed to this Disclosure Statement, have not been audited.

III. DEBTOR'S OPERATION AND STRUCTURE

A. Brief Summary of the Plan of Reorganization

The Plan provides, generally, for the following:

(i) The payment in full of all Allowed Administrative Expense Claims and Allowed Priority Claims on the Effective Date or upon such other terms as the Debtor and the holder of each Allowed Administrative Expense Claim and Allowed Priority Claim shall agree. These Claims are estimated to be approximately \$25,000.00 representing professional fees to Zalkin Revell, PLLC, counsel to the Debtor.

(ii) The unsecured Allowed Claims of governmental units for unpaid taxes, interest and assessments, if any, entitled to priority under Bankruptcy Code § 507(a)(8) shall be paid in full in cash on the Effective Date or over time as provided for in the Bankruptcy Code. The Debtor estimates that there are no such Claims; however, the Florida Department of Revenue has allegedly asserted a claim against the Debtor for Sales and Use Tax but has not filed a Proof of Claim evidencing same. The Bar Date for governmental units to file claims is February 21, 2017. The Debtor intends to object to any claim filed by the Florida Department of Revenue. To the extent the Florida Department of Revenue later secures an order allowing a priority unsecured claim, said claim shall be paid as follows: (i) in equal monthly payments plus interest at the statutory rate with the final payment made no later than sixty (60) months following the Petition Date or (ii) from the net proceeds of the sale of the Highway 231 and/or Resota Beach Properties.

(iii) **Class 1** consists of the Secured Claim of Brian and Carolyn Gorman (the “Gormans”) in the amount of \$167,287.80 which consists of principal in the amount of \$150,000.00 and accrued interest in the amount of \$17,287.80, and which is secured by a first Mortgage Lien on the Highway 231 and Resota Beach Properties (collectively, the “Properties”) owned by the Debtor.

The principal sum of the Class 1 Claim shall accrue simple interest at the rate of 8% per annum to be calculated as of the date of the filing of the bankruptcy case. The Plan provides for the Debtor to attempt to sell both Properties within 12 months of the Effective Date with the proceeds being disbursed according to the Plan as described below:

(a) Upon the sale of each property, 75% of the net proceeds (after payment of the applicable Secured Claim of the Bay County Tax Collector and other costs of sale) shall be paid to the Class 1 Claimant, the Gormans, up to the full amount of their claim and twenty-five percent (25%) of the net proceeds shall be retained by the estate for the payment of allowed Administrative Claims including Allowed Professional Administrative Claims and Priority Tax Claims and continuing post-confirmation expenses necessary to maintain the remaining property, however, if the Highway 231 Property sells first, the Debtor, in its sole discretion, may opt to pay a higher percentage than 75% to the Class 1 Claim of the Gormans. The Gorman's shall release their lien on each property at the time of sale if their claim is paid in full or if the individual property sells for at least the Minimum Sales Price. Upon receipt of funds sufficient to satisfy the Class 1 Secured Claim of the Gormans, the Gormans shall release their lien on any remaining property.

(b) If the Debtor is unable to sell both Properties within twelve months of the Effective Date, the Debtor, at its sole discretion, shall (i) surrender the Highway 231 Property to the Gormans, subject to the Class 2 Secured Claim of the Bay County Tax Collector, in full satisfaction of the Class 1 Secured Claim, and offer the Resota Beach Property for auction to be scheduled within ninety (90) days or as soon thereafter as practicable; or (ii) offer both Properties (or any remaining unsold Property) for auction to be scheduled within ninety (90) days or as soon thereafter as practicable, with the net proceeds (following payment of all costs of auction and the satisfaction of the Class 2 and 3 Secured Claims of the Bay County Tax Collector) to be paid to the Class 1 Claim of the Gormans up to the amount necessary to satisfy the Gorman's Secured Claim in full. Any net proceeds remaining shall be distributed in accordance with the terms of the Plan. Upon the sale, surrender and/or auction of the Properties as described herein, the Gormans shall release their lien on each Property.

(c) When any distribution is made to the Gormans on account their Class 1 Secured Claim, the distribution shall be applied as follows: first to the interest which has accrued on the Claim as of the date of the distribution and second to principal. Subsequent distributions shall be applied in the same manner.

Class 1 is Impaired.

(iv) **Class 2** consists of the Secured Claim of the Bay County Tax Collector for any pre-petition amounts due related to the Highway 231 Property.

Upon the sale or auction of the Highway 231 Property, the Class 2 Secured Claim shall be paid in full from the gross proceeds.

Class 2 is Impaired.

(v) **Class 3** consists of the Secured Claim of the Bay County Tax Collector for any pre-petition amounts due related to the Resota Beach Property .

Upon the sale or auction of the Resota Beach Property, the Class 3 Secured Claim shall be paid in full from the gross proceeds.

Class 3 is Impaired.

(vi) **Class 4** consists of the Secured Claim of Kubtoa Credit Corporation secured by equipment owned by the Debtor.

(vii) The Debtor shall continue to make all payments required under the terms and conditions of the purchase agreement and shall cure all arrears (\$291.91) on the Effective Date.

Class 4 is Unimpaired.

(viii) **Class 5** consists of the Claims of General Unsecured Creditors.

Each Holder of an Allowed Class 5 Claim shall receive, after the satisfaction of any secured obligations in Classes 1 through 3 and the satisfaction of all administrative, priority claims and any other senior Allowed Claims, pro-rata payments from the net remaining proceeds from the sale of the Properties, to the extent they are sold under this Plan or sold at auction following the first Anniversary of the Effective Date. No Class 5 Unsecured Claim shall be allowed to the extent that it is for interest or other similar charges.

Class 5 is Impaired.

(ix) **Class 6** consists of the Allowed Equity Interests of the Debtor. All Equity Interests shall be retained by Charles and Tricia Cottle. No distribution shall be made to Holders of Allowed Equity Interests unless all senior classes are satisfied in full.

B. Executory Contracts

Pursuant to the Plan, any lease or executory contract not assumed or rejected by order of the Bankruptcy Court or by the terms of the Plan and Confirmation Order shall be rejected as of the Confirmation Date.

C. Objections to Claims

Pursuant to the Plan, the Debtor may object to any scheduled Claim or Proof of Claim filed against the Debtor within 90 days from the date of Confirmation. Such an objection shall preclude the consideration of any claims as “allowed” for the purposes of timely distribution in accordance with the Plan.

D. Preservation of Actions and Causes of Actions

From and after the Effective Date, to the extent not otherwise adjudicated or settled prior to or as a part of the Plan, all rights, claims and causes of action are expressly preserved, including, but not limited to, those pursuant to Bankruptcy Code §§ 502, 510, 541, 544, 545 and 546; all preference claims pursuant to Bankruptcy Code § 547; all fraudulent transfer claims pursuant to Bankruptcy Code §§ 544 or 548; all claims relating to post-petition transactions under Bankruptcy Code § 549; all claims recoverable under Bankruptcy Code § 550; and, all claims (including claims arising at common law or equity) against any person, entity, etc., on account of any debt, other claim or right in favor of the Debtor, are hereby preserved, retained and assumed for enforcement by the Reorganized Debtor, who shall, at its election, have the right to prosecute or settle, to execute and enforce any judgment or settlement agreement therein and to exercise all such avoidance powers. Any and all Avoidance Actions accruing to the Debtor and/or Debtor in Possession are expressly reserved and the Reorganized Debtor shall have the right to commence any Avoidance Actions.

E. Modification of the Plan

The Plan sets forth the manner in which the Plan may be modified before and after it has been confirmed by the Bankruptcy Court. Bankruptcy Code §1127 allows a debtor to amend its plan at any time prior to its confirmation. If the Debtor files a modification of a plan with the Bankruptcy Court, the plan as modified would become the plan. If circumstances so warrant, a Reorganized Debtor may modify the Plan after confirmation but prior to substantial consummation of the plan. However, the Bankruptcy Court, after notice and a hearing, would then have to confirm the plan as modified. The Plan Proponent reserves the right to modify the terms of the Plan in accordance with the provisions of the Bankruptcy Code, if and to the extent the Plan Proponent determines that such amendments or modifications are necessary or desirable to accomplish the objectives of reorganization. Under the Bankruptcy Rules, any amendments or modifications of the Plan may be approved by the Bankruptcy Court at the Confirmation Hearing without re-solicitation of votes of the members of any Class whose treatment is not adversely affected by such modification.

The Plan Proponent also reserves the right to withdraw the Plan at any time before the entry of the Confirmation Order, in which event the Plan shall be deemed null and void.

F. Maintenance of Administrative Expense Claim Status Post-Discharge

Notwithstanding any discharge granted to the Debtor, the Plan Proponent or the Reorganized Debtor, Allowed Administrative Expense Claims shall maintain their administrative priority status under 11 U.S.C. §507(a)(1) until paid in full.

IV. MEANS OF EFFECTUATING THE PLAN**A. Funding for the Plan****1. Cash on Hand as of the Effective Date**

To the extent any Cash is necessary on the Effective Date to satisfy any Confirmation Payments, including any Allowed Administrative Claims, Charles Cottle shall provide such funds to the Debtor.

2. Funding from Liquidation of Assets

The Debtor has already listed for sale the Highway 231 Property with Full Sail Realty pursuant to an order entered by the Bankruptcy Court. The Debtor has attempted to sell the Resota Beach Property via private sale. Upon the Effective Date, if the Resota Beach Property has not been sold, the Debtor shall list the Resota Beach Property for sale.

The net proceeds of the aforementioned claims and sales (following the deduction of the aforementioned payments to Holders of Allowed Class 1 through 3 Secured Claims) shall be available for distribution in the following order of priority: (1) first to Holders of Allowed Administrative Expense Claims, Allowed Professional Compensation Claims, Allowed Priority Tax Claims, and US Trustee Fees owed on or before the Effective Date, (2) second to any Post-

Confirmation attorneys fees and expenses incurred by the Debtor, (3) third to Holders of Allowed Class 5 General Unsecured Claims, (4) fourth to reimburse Charles Cottle for all amounts contributed post-petition to the Debtor for the actual, necessary costs and expenses of preserving the estate as an allowed administrative expense, and (5) fifth to reimburse Charles Cottle for all amounts contributed post-Confirmation to the Debtor.

As set forth in the Plan regarding the treatment of the Class 1 Secured Claim of the Gormans, to the extent the Properties are not sold by the first Anniversary of the Effective Date, the Properties shall be either surrendered or listed for auction as set forth therein.

V. ANALYSIS OF THE PLAN VS. LIQUIDATION ANALYSIS

All payments as provided for in the Debtor's Plan shall be funded by the Debtor's cash on hand, and the liquidation of all real property of the Debtor.

As with any Plan, an alternative would be a conversion of the Chapter 11 Case to a Chapter 7 case. In the event of liquidation under Chapter 7 however, there would be a significant reduction in proceeds available to unsecured creditors because (1) there would be an additional tier of administrative expenses entitled to priority over general unsecured claims under Bankruptcy Code § 507(a)(1) and (2) the Properties would likely garner a much lower sales price due to being sold in a more expedited fashion by a Chapter 7 trustee. Alternatively, it is possible that the secured creditor could obtain relief from stay in a Chapter 7 case and foreclose on both Properties, thus even further reducing the likelihood of any recovery to unsecured creditors.

Based upon the foregoing, the Plan Proponent respectfully submits that the Creditors will fare better under the proposed Plan than under a Chapter 7 liquidation and urges all Creditors to vote to accept the Plan.

All indebtedness scheduled by the Debtor as not disputed, contingent or unliquidated or any indebtedness set forth in a properly executed and filed Proof of Claim shall be deemed an Allowed Claim unless the same is objected to, and the objection thereto is sustained by the Court.

VI. FEASIBILITY

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

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Reorganized Debtor will have enough cash on hand on the Effective Date of the Plan to pay all the claims and expenses that are entitled to be paid on such date. Based upon a review of the expenses incurred to date, the Plan Proponent believes that there will be sufficient funds as of the Effective Date to make all required payments, or that the sales of the Highway 231 and Resota Beach Properties will be sufficient to satisfy such claims.

The second aspect considers whether the Reorganized Debtor will have enough cash over the life of the Plan to make the required Plan payments. This aspect will be satisfied by the Debtor's liquidation of its real property assets.

In conclusion, the Plan Proponent believes that the sources of funding described, herein, will be sufficient to make all payments and distributions required under the Plan and all payments necessary to meet the ongoing obligations of the business and that confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization. Therefore, the Plan Proponent believes that the Plan complies with the financial feasibility standard of Bankruptcy Code §1129(a)(11).

The estimated recoveries included in the attached Plan Projections are based upon certain assumptions that the Plan Proponent believes to be reasonable under the circumstances; however, the Plan Proponent makes no representation as to the achievability of the projections set forth therein. Actual results may vary from the projected results and the variations may be material and adverse. Although presented with numerical specificity, the Projections are based on a variety of assumptions, some of which may not be realized. Moreover, the liquidation of assets is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Debtor. Consequently, the Projections should not be regarded as a representation or guaranty by the Plan Proponent or any other Person that the Projections will be realized.

VII. CONFIRMATION BY CRAM DOWN

The Debtor reserves the right, in the event that impaired classes reject the Plan, to seek confirmation of the Plan if the Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to each dissenting class.

The Plan is deemed fair and equitable if it provides (i) that each holder of a Secured Claim retains its lien and receives deferred cash payments totaling at least the allowed amount of its claim, of a value, as of the effective date of the Plan, of at least the value of its secured interest in the property subject to his lien, and (ii) that each holder of an Unsecured Claim receives property of a value equal to the allowed amount of its claim, or no holder of a junior claim receives or retains any property.

VIII. EFFECT OF CONFIRMATION OF THE PLAN

A. Discharge and Injunction

On the Effective Date of the Plan, the Debtor shall be discharged from any debt that arose before confirmation of the Plan, subject to the occurrence of the Effective Date to the extent specified in Bankruptcy Code §1141(d)(1)(A), except that Debtor will not be discharged of any debt (i) imposed by the Plan, (ii) of a kind specified in Bankruptcy Code §1141(d)(6)(A) if a timely complaint was filed in accordance with Fed. R. Bankr. P. 4007(C), or (iii) of a kind specified in Bankruptcy Code §1141 (d)(6)(B). After the Effective Date of the Plan, your claims

against the Debtor will be limited to the debts described in clauses (i) through (iii) of the preceding sentence. Such injunction shall extend to the Reorganized Debtor as successor of the Debtor, and its property and interest in property.

B. Exculpation

The Plan contains an exculpation provision. Under the Plan, neither the Debtor, the manager or member of the Debtor, nor their attorneys in the bankruptcy case or the Reorganized Debtor (the “Releasees”) shall have or incur any liability to any Holder of a Claim against the Debtor, or any other party-in-interest, or any of their Representatives, or any of their successors or assigns, for any act, omission, transaction or other occurrence in connection with, relating to, or arising out of the Chapter 11 Case, the pursuit of confirmation of this Plan, or the consummation of this Plan, except and solely to the extent such liability is based on fraud, gross negligence or willful misconduct.

C. Revesting of Assets

Except as otherwise provided for in the Plan or the Confirmation Order, on Confirmation Date, the property of the Estate of the Debtor, wherever situate, including but not limited to, any tax benefits available to the Debtor to the extent they are assignable by law shall vest in the Reorganized Debtor.

IX. RISK FACTORS

The Plan Proponent believes there is minimal risk to creditors if the Plan is confirmed. However, in deciding how to cast your vote, you should consider the following risk factors:

The following discussion is intended to be a non-exclusive summary of certain risks attendant upon the consummation of the Plan. You are encouraged to supplement this summary with your own analysis and evaluation of the Plan and Disclosure Statement, in their entirety, and in consultation with your own advisors. Based on the analysis of the risks summarized below, the Plan Proponent believes that the Plan is viable and will meet all requirements of confirmation.

A. Business Risks

The business risks that could occur are as follows:

1. The Debtor may be unable to sell the assets as described herein or unable to sell them in an amount greater than the liens securing said properties.

B. Bankruptcy Risks

If Administrative Expense Claims, Priority Tax or Priority Non-Tax Claims are determined to be Allowed Claims in amounts greatly exceeding the Plan Proponent’s estimates, or if Holders of Allowed Administrative Expense Claims do not consent to the payment in

accordance with the Plan terms, there may be insufficient Cash on the Effective Date to pay such Claims, and the Plan may not become effective.

Additionally, the distributions and recoveries estimated in this Disclosure Statement are based on the Plan Proponent's estimates of Allowed Claims. The Plan Proponent projects that the Claims asserted against the Debtor will be resolved and reduced to an amount that approximates its estimates and has sought, or will seek, an order or orders from the Bankruptcy Court estimating the dollar amount of certain Allowed and Disputed Claims. There can be no assurance that such assumptions will prove accurate. Moreover, if and to the extent that the Plan Proponent has underestimated the amount of Allowed Claims or reserves for Disputed Claims, the Reorganized Debtor could be required to redirect Cash to such Disputed Cash reserves, resulting in a potential dilution of available Cash. The Plan Proponent reserves the right to object to the amount or classification of any Claim. As the majority of the scheduled and/or filed Claims are based upon the Debtor's books and records, the Debtor does not anticipate any objections to Claims will be necessary.

C. Tax Risks

The Plan Proponent has not undertaken an analysis of the U.S. Federal income tax consequences on the Holders of Claims as set forth in the Plan. No analysis has been taken regarding foreign, state or local tax consequences of the Plan, Estate and Gift Tax issues are not addressed, nor are any consequences relating to the Alternative Minimum Tax.

NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

CIRCULAR 230 DISCLAIMER: The IRS now requires written advice regarding one or more (i.e., United States) tax issues to meet certain standards. Those standards involve a detailed and careful analysis of the facts and applicable law which the Plan Proponent expects would be time consuming and costly. The Plan Proponent has not made and has not been asked to make that type of analysis in connection with any advice given this Disclosure Statement or Plan. As a result, the Plan Proponent is required to advise you that any Federal tax advice rendered in this Disclosure Statement or the Plan is not intended or written to be used and cannot be used for the purpose of avoiding penalties that may be imposed by the IRS.

X. POST-CONFIRMATION STRUCTURE

In accordance with, and subject to, the provisions of the Plan, the Debtor shall be entitled to continue the operation of the Debtor's business and to buy, use, acquire, encumber and dispose of any property, and to obtain credit, in any manner the Debtor may chose in accordance with

applicable non-bankruptcy law and free of any restrictions of the Bankruptcy Code. In accordance with, and subject to, the provisions of the Plan, the Debtor shall continue all pre-petition operations, including but limited, to the collection of rents from any Property until such time as the Property is sold. Upon the Confirmation Date, Charles Cottle shall continue to be the day-to-day management of the Debtor. Mr. Cottle will not receive any compensation for the services to be rendered. However, since this is a limited liability company, and all tax liabilities are attributable to the members, it is anticipated that monies will be distributed to Mr. and Mrs. Cottle to enable them to pay taxes on any net income attributable to their equity interests, to the extent there are tax liabilities.

XI. MISCELLANEOUS PROVISIONS

1. Notwithstanding any other provisions of the Plan, any Claim which is scheduled as disputed, contingent, or unliquidated or which is objected to in whole or in part on or before the date for distribution on account of such claim, shall not be paid in accordance with the provisions of the Plan until such claim has become an Allowed Claim by a final Order. If allowed, the Claim shall be paid on the same terms as if there had been no dispute.

2. At any time before the Confirmation Date, the Debtor may modify the Plan, but may not modify the Plan so that the Plan, as modified, fails to meet the requirements of Bankruptcy Code § 1122 and § 1123. After the Debtor files a modification with the Bankruptcy Court, the Plan, as modified, shall become the Plan.

3. At any time after the Confirmation Date, and before Substantial Consummation of the Plan, the Debtor may modify the Plan with permission of the Court so that the Plan, as modified, meets the requirements of § 1122 and §1123 of the Bankruptcy Code. The Plan, as modified under this paragraph, shall become the Plan.

4. After the Confirmation Date, the Debtor may, with approval of the Bankruptcy Court, and so long as it does not materially and adversely affect the interest of creditors, remedy any defect or omission, or reconcile any inconsistencies in the Plan or in the Order of Confirmation, in such manner as may be necessary to carry out the purposes and effect of the Plan.

CONCLUSION

It is extremely important for you to exercise your right to vote on the Plan. A Ballot is being provided to you simultaneously herewith for voting purposes, together with a copy of the Order establishing the hearing date to consider confirmation of the Plan.

The Plan provides a distribution to Administrative Expense, Secured, Priority, and General Unsecured Creditors in excess of what could possibly be expected in the event of a Chapter 7 liquidation. **AS SUCH, THE PLAN PROPONENT SUBMITS THAT THE PLAN IS FAIR AND EQUITABLE AND IN THE BEST INTEREST OF ALL HOLDERS OF CLAIMS AND URGES ALL SUCH HOLDERS THAT ARE ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.**

Dated: January 20, 2017

Panama City Investments, LLC

/s/ Charles T. Cottle
Charles T. Cottle, Manager
Panama City Investments, LLC
Plan Proponent

ZALKIN REVELL, PLLC

/s/ Natasha Z. Revell
NATASHA Z. REVELL
ZALKIN REVELL, PLLC
2441 US Highway 98W
Suite 109
Santa Rosa Beach, FL 32459
(850) 267-2111
(866) 560-7111 (Fax)
tasha@zalkinrevell.com
Counsel to the Debtor

Panama City Investments, LLC Plan Projections				
REAL ESTATE TO BE SOLD UNDER PLAN		Sale	Auction [5]	
Resota Beach Property				
Property Value [2]		\$91,754.00		\$64,227.80
Interest to secured creditor [3]		-\$12,000.00		-\$18,000.00
Payment of secured debt		-\$48,000.00		-\$36,000.00
Payment of secured taxes [3]		-\$1,776.00		-\$2,368.00
Expense of sale (est'd at 12%)		-\$11,010.48		-\$7,707.34
Net Yield to estate (Resota Beach)		\$18,967.52		\$152.46
Highway 231 Property				
Sales Price [1]		\$300,000.00		\$210,000.00
Interest to secured creditor [4]		-\$4,760.00		\$0.00
Payment of secured debt		-\$119,000.00		-\$131,000.00
Payment of secured taxes [4]		-\$3,200.00		-\$3,200.00
Expense of sale (est'd at 12%)		-\$36,000.00		-\$25,200.00
Net Yield to estate (Hwy 231)		\$137,040.00		\$50,600.00
CLAIMS				
Priority Claims				
1. Administrative Expenses				
Est'd Chapter 11 UST Fees [6]	\$1,625.00			
Est'd Ch. 11 Admin. Expenses	\$37,000.00			
Total Administrative Expenses	\$38,625.00			
2. Priority Tax Claims	\$0.00			
Total Priority Claims	\$38,625.00			
Est'd Funds Available to Unsec. Creditors		\$117,382.52		\$12,127.46

[1] Estimate of value from Bay County property appraiser's website

[2] Estimate of value as set forth by Brokers Price Opinion provided by secured creditor

[3] Assumes Resota Beach property will sell in six months

[4] Assumes Highway 231 Property will sell within in twelve months.

[5] Assumes 30% reduction in value to due quick-sale via auction and that property is sold 12 months following confirmation

[6] Assumes that all properties are sold as per the plan and funds disbursed to creditors

EXHIBIT A