THIS PROPOSED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE COURT

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:	)	Chapter 11
ESPLANADE HL, LLC, *et al.*	)	Case No. 16-33008 (Jointly Administered)
Debtors.[1]	)	Honorable Carol A. Doyle

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE JOINT PLAN OF REORGANIZATION OF THE DEBTORS DATED FEBRUARY 28, 2018

Dated: February 28, 2018

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[1] The debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: (i) Esplanade HL, LLC (6804); (ii) 2380 Esplanade Drive, LLC (0331); (iii) 171 W. Belvidere Road, LLC (2032); (iv) 9501 W. 144th Place, LLC (7104); (v) Big Rock Ranch, LLC (7248).

DISCLOSURE STATEMENT DATED FEBRUARY 28, 2018
SOLICITATION OF VOTES WITH RESPECT TO
THE JOINT PLAN OF REORGANIZATION OF
ESPLANADE HL, LLC, *ET AL.*

All creditors entitled to vote thereon are urged to vote in favor of the Joint Plan of Reorganization of Esplanade HL, LLC; 2380 Esplanade Drive, LLC; 9501 W. 144th Place, LLC; 171 W. Belvidere Road, LLC; and Big Rock Ranch, LLC (collectively, the "*Debtors*") dated February 28, 2018 (the "*Plan*") to this Disclosure Statement (the "*Disclosure Statement*"). A summary of the voting instructions is set forth in Section II.D.1. Additional instructions are contained on the ballots distributed to creditors entitled to vote on the Plan (the "*Ballots*"). **To be counted, your Ballot must be duly completed, executed, and received by [_____] (the "*Voting Deadline*"), unless extended in writing by the Debtors.** The Debtors believe that the Plan is in the best interests of creditors and urge all creditors to vote in favor of the Plan.

All creditors entitled to vote on the Plan are encouraged to read and carefully consider this entire Disclosure Statement, including the Plan and the Risk Factors described under Section VII, prior to submitting Ballots in response to this solicitation.

All capitalized terms used in this Disclosure Statement and not otherwise defined herein shall have the meanings given to them in the Plan. The summaries of the Plan and other documents contained in this Disclosure Statement are qualified by reference to the Plan itself, the exhibits thereto and the documents described therein.

Any statements in this Disclosure Statement concerning the provisions of any other document are not complete descriptions of such document, and in each instance reference is made to such document for the full text thereof.

No person is authorized by any of the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation other than as contained in this Disclosure Statement and the exhibits attached hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized by any of the Debtors. Although the Debtors will make available to creditors entitled to vote on acceptance of the Plan such additional information as may be required by applicable law prior to the Voting Deadline, the delivery of this Disclosure Statement will not under any circumstances imply that the information herein is correct as of any time after the date hereof.

The information contained in this Disclosure Statement, including the information regarding the history, businesses and operations of the Debtors, the financial information regarding the Debtors and the liquidation analyses and projections relating to the Debtors, is included for purposes of soliciting acceptances of the Plan, and not for any other purpose. Nothing in this Disclosure Statement is intended to be or constitutes a concession by or admission of any Debtor for any purpose.

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I. PRELIMINARY STATEMENT

On October 17, 2016 (the "*Petition Date*"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "*Chapter 11 Cases*") in the Bankruptcy Court. The Debtors are operating as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. An official committee of unsecured creditors has not been formed in these Chapter 11 Cases.

The Debtors own or owned certain real estate consisting of:

a. Lots 12, 13, and 14 (collectively, the "*EHL Property*") within the Esplanade Subdivision ("*ES*") in Algonquin, Illinois containing a Hobby Store, now known as Lots 1 and 2 of the final re-subdivision of the ES;

b. Lot 6 (the "*Esplanade Building*") located at 2380 Esplanade, Algonquin, Illinois and Units 100 and 300 in the three story business condominium building located on Lot 7 located at 2390 Esplanade, Algonquin, Illinois (collectively, the "*Condo Units*" and collectively with the Esplanade Building, the "*Esplanade Property*");

c. An office building (the "*9501 Property*") located at 9501 W. 144th Orland Park, Illinois;

d. A strip mall shopping center (the "*Belvidere Property*," and collectively with the EHL Property, the Esplanade Property, and the 9501 Property, the "*Illinois Properties*") located at 171 W Belvidere in Round Lake, Illinois; and

e. A ranch located at 310 Thick Spike Road, Fairplay, Colorado (the "*Big Rock Property*," and collectively with the Illinois Properties, the "*Properties*).

Pursuant to the Plan, the Debtors intend to distribute the remaining Cash from the sale of its Illinois Properties to satisfy creditor claims and enter into a new note with FMB with respect to Big Rock. The Debtors believe they have sufficient Cash on hand to satisfy their obligations under the Plan.

II. CLAIMS CLASSIFICATION AND VOTING UNDER THE PLAN

II.A. Introduction

The following is a brief overview of certain provisions of the Plan. This overview is qualified by reference to the provisions of the Plan, as amended from time to time.

The confirmation of a plan, which is the vehicle for satisfying the rights of holders of claims against and equity interests in a debtor, is the overriding purpose of a chapter 11 case. Upon confirmation of a plan, it becomes binding on the Debtors and all of their creditors and stakeholders, and the obligations owed by the Debtors to those parties before the Effective Date are compromised and/or exchanged for the obligations specified in the plan. The Plan will, in

effect, be a liquidating plan as to EHL, 2380 Esplanade, 9501, and Belvidere, as substantially all of the assets of these entities were sold following the Petition Date. Because creditors will primarily be paid from the proceeds of certain sale transactions, the Debtors have not provided the financial disclosures required by Local Rule 3016-1(2) of the Local Rules of the United States Bankruptcy Court for the Northern District of Illinois (the "*Local Rules*").

The Debtors believe that the Plan is in the best interests of their estates and creditors. **All creditors entitled to vote on the Plan are urged to vote in favor of the Plan prior to 5:00 p.m., Central Time, _____, 2018, the ("*Voting Deadline*").**

II.B. Summary of Classes and Treatment of Claims and Interests

The Plan divides holders of Claims against and Interests in the Debtors into five separate classes. The classes and proposed treatment for each class under the Plan is provided in the table below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, and Priority Tax Claims have not been classified. *See* Section II.C. of this Disclosure Statement for the provisions of the Plan governing such claims.

SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

The information set forth in the following table are taken from the Debtors' books and records and filed proofs of claim and are for illustrative purposes only. The Debtors have not determined which Claims they plan to object to, or if objecting to any Claims is in the best interests of the Debtors and all parties in interest, but reserve the right to object to any Claim. The below summary is not an admission of liability or an acceptance of liability for any Claim, but is provided in compliance with Local Rule 3016-1(1) to provide interested creditors with a summary of the Plan.

Class	Type of Claim	Status	Voting Right; Treatment	Estimated Amount of Claim	Treatment
Unclassified	Administrative Claims	-	-	Claimants: 1, Amount: $75,000	Each Allowed Administrative Claim shall be paid by the Debtors or the Reorganized Debtors, at their election, (i) in full, in Cash, in such amounts as such Administrative Claim is Allowed by the Bankruptcy Court upon the later of the Effective Date or the date upon which such Administrative Claim is Allowed or (ii) upon such other terms as may be agreed upon between the Holder of such Administrative Claim and the Debtors or the Reorganized Debtors. Any application for the payment of any Administrative Claims, such as and including the payment of any fees or reimbursement of expenses of any Professional, shall be Filed with the Bankruptcy Court no later than the Administrative Claims Bar Date.
Unclassified	Priority Tax Claims	-	-	Creditors: 0 Amount: $0	On, or as soon as reasonably practicable after, the latest of the Effective Date or the date such Priority Tax Claims becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash equal to the unpaid portion of such Allowed Priority Tax Claim or (ii) such other treatment as to which the Debtors (or Reorganized Debtors) and such Holder have agreed upon.
1A-1D[2]	FMB Secured Claims	Unimpaired	Not entitled to vote	Class 1A Amount: $393,156.69 Class 1B Amount: $1,333,999.42 Class 1C Amount: $1,901,885.98 Class 1D Amount: $145,817.84	On the Effective Date, each Holder of an Allowed FMB Secured Claim shall receive (i) Cash in an amount equal to the Allowed FMB Secured Claim, or (ii) such other treatment as may be agreed to between FMB and each respective Debtor or Reorganized Debtor

[2] Amounts represent the outstanding principal balance as of the date hereof and does not include alleged interest, fees, and costs (including postpetition costs).

Class	Type of Claim	Status	Voting Right; Treatment	Estimated Amount of Claim	Treatment
1E	Big Rock Secured Claims	Impaired	Entitled to vote	Creditors: 1 Class 1E Amount: $506,250.08[3]	On, or as soon as reasonably practicable after, the Effective Date, Big Rock or Reorganized Big Rock, as the case may be, shall execute and issue the Big Rock Replacement Note to FMB in the amount of [_____], secured by the Big Rock Property in full satisfaction, settlement, release, and discharge in exchange for the Allowed Class 1E FMB Secured Claim.
2A-2E	Other Secured Claims	Unimpaired	Not entitled to vote	Class 1A Amount: $0 Class 1B Amount: $0 Class 1C Amount: $0 Class 1D Amount: $24,597.30 Class 1E Amount: $0	On, or as soon as reasonably practicable after, the later of the Effective Date, or the date such Other Secured Claim becomes an Allowed Other Secured Claim or is otherwise payable, each Holder of an Allowed Other Secured Claim shall receive shall receive (i) the collateral securing such Allowed Other Secured Claim, (ii) Cash in an amount equal to the value of the collateral securing such Allowed Other Secured Claim, including, to the extent applicable, postpetition interest under section 506(b) of the Bankruptcy Code, or (iii) such other treatment as may be agreed to between the Holder and the relevant Debtors.
3	General Unsecured Claims	Impaired	Entitled to vote	Class 1A Amount: $1,707,500.00[4] Class 1B Amount: $11,513.13 Class 1C Amount: $21,568.28 Class 1D Amount: $5,378.00 Class 1E Amount: $0	Class 3A: Except to the extent that a Holder of an Allowed Claim in Class 3A agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Class 3A, each such Holder shall be paid a P*ro Rata* share of its Allowed Claim, after Holders of Allowed Class 1A Claims and Allowed Classes 2A Claims, respectively, are satisfied pursuant to the terms of the Plan. Class 3B-3E: Except to the extent that a Holder of an Allowed Claim in Classes 3B-3E agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Classes 3B-3E, each such Holder shall be paid its Allowed Claim in full, without interest, after Holders of Allowed Class 1B-1E Claims and

[3] Amount represents the outstanding principal balance as of the date hereof and does not include alleged interest, fees, and costs (including postpetition costs).

[4] Amount includes $1,597,000.00 in insider claims as follows: 171 W. Belvidere Road, LLC ($587,000.00); 9501 W. 144th Place, LLC ($250,000.00); Big Rock Ranch, LLC ($460,000.00); and William Vander Velde III ($300,000.00).

Class	Type of Claim	Status	Voting Right; Treatment	Estimated Amount of Claim	Treatment
					Allowed Classes 2B-2E Claims, respectively, are satisfied pursuant to the terms of the Plan.
4	Equity Interests	Unimpaired	Not entitled to vote	--	William Vander Velde III will retain his interest in each of the Debtors after the Effective Date.

The Debtors are not seeking to substantively consolidate their Estates.

II.C. Unclassified Claims

II.C.1. Payment of Administrative Claims

a. Administrative Claims in General

Except as specified in Section II.A. of the Plan, and subject to the Administrative Claims Bar Date, unless otherwise agreed by the holder of an Administrative Claim and the applicable Reorganized Debtors, each holder of an Allowed Administrative Claim will receive, in full satisfaction of its Administrative Claim, cash equal to the Allowed amount of such Administrative Claim either (i) as soon as practicable after the Effective Date or (ii) if the Administrative Claim is not allowed as of the Effective Date, as soon as reasonably practical after the date on which an order allowing such Administrative Claim becomes a Final Order.

On or before the Effective Date, cash will be disbursed on account of Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, in an amount equal to the amount owed with respect to such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 shall be disbursed by the applicable Reorganized Debtor in accordance therewith until the closing of the Chapter 11 Cases pursuant to section 350(a) of the Bankruptcy Code.

b. Bar Dates for Administrative Claims

Except as otherwise provided in Section II.A. of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the applicable Reorganized Debtor no later than the Administrative Claims Bar Date. Holders of Administrative Claims must File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by the applicable Bar Date shall be forever barred from asserting such Administrative Claims against the Debtors, the Reorganized Debtors, or their respective property and such Administrative Claims shall be deemed discharged as of the Effective Date.

II.C.2. Payment of Priority Tax Claims

Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or Reorganized Debtors, each holder of an Allowed Priority Tax Claim will receive under the Plan, in full satisfaction of its

Priority Tax Claim, payment in full of the allowed amount of the Priority Tax Claim, disbursed on the later of the Effective Date or as soon as practicable after the date when such Claim becomes an Allowed Claim.

II.D. Voting on and Confirmation of the Plan

II.D.1. Voting Procedures and Requirements

Pursuant to section 1124 of the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan are entitled to vote to accept or reject a plan. A class is "impaired" if the legal, equitable or contractual rights attaching to the claims or interests of that class are modified by the Plan, other than by curing defaults and reinstating maturity. Classes of claims and interests that are not impaired under the terms of a plan are not entitled to vote on such plan and are conclusively presumed to have accepted the plan. The classification of Claims and Interests under the Plan is summarized, together with an indication of whether each class of Claims or Interests is impaired or unimpaired, in Section II.B above. Under the terms of the Plan, only holders of Claims in Classes 1E and 3A-3E are impaired and entitled to vote on the Plan.

Bankruptcy Rule 3017(d) provides that the "date [an] order approving the disclosure statement is entered," or such other date established by the court, is the record date for determining the "holders of stock, bonds, debentures, notes, and other securities" entitled to receive the materials specified in Bankruptcy Rule 3017(d), including ballots for voting on a plan of reorganization.

Please carefully follow all of the instructions contained on the Ballot or Ballots provided to you with this Disclosure Statement if you are entitled to vote on the Plan. All Ballots must be completed and returned in accordance with the instructions provided. It is of the utmost importance to the Debtors that you vote promptly to accept the Plan. If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please contact Debtors' counsel, Sean P. Williams at Goldstein & McClintock LLLP via: e-mail at seanw@goldmclaw.com or telephone at (312) 219-6735.

To be counted, your Ballot or Ballots must be received by no later than 5:00 p.m., Central Time, _____, 2018. **Votes cannot be transmitted orally, by email, or facsimile.** Accordingly, you must return your signed and completed Ballot, by mail, personal delivery or overnight courier promptly and **in advance**, so that it is **received** prior to **5:00 p.m., Central Time _____, 2018**.

Holders of Claims entitled to vote on the Plan may withdraw or modify their executed Ballots by delivering (or having their nominee deliver) to the Clerk of the United States Bankruptcy Court, prior to the Voting Deadline, a subsequent properly completed and duly executed Ballot. After the Voting Deadline, withdrawals of or modifications to executed Ballots will not be permitted unless expressly agreed to by the Debtors in writing. Withdrawal or revocation of votes accepting or rejecting the Plan may be affected only in accordance with the Bankruptcy Code and the Bankruptcy Rules.

II.D.2. Hearing on Confirmation of the Plan

In order to confirm the Plan, the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on whether the Debtors have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code (the "*Confirmation Hearing*"). The Confirmation Hearing has been scheduled for _____, 2018 at __:__ _.m. (Central Time). The Debtors expect that the Confirmation Hearing will be held in the courtroom of the Honorable Carol A. Doyle, the United States Bankruptcy Judge, at the United States Bankruptcy Court for the Northern District of Illinois, 219 South Dearborn St., Courtroom 742, Chicago, Illinois 60604. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of section 1129 of the Bankruptcy Code for confirmation are met. Among such requirements are that the Plan:

(a) is accepted by the requisite holders of Claims and Interests in each impaired class under the Plan;

(b) provides that each creditor voting against the Plan in an impaired class will receive at least as much as it would if the Debtors were instead liquidated pursuant to chapter 7 of the Bankruptcy Code; and

(c) is not likely to be followed by the liquidation, or need for further financial reorganization, of the Debtors.

The "cramdown" provisions of section 1129(b) of the Bankruptcy Code permit confirmation of a chapter 11 plan of reorganization in certain circumstances even if the Plan is not accepted by all impaired classes of claims and interests. A detailed description of the requirements for confirmation of the Plan is contained in Section VI of this Disclosure Statement. The Plan may be confirmed with respect to one Debtor, all Debtors, or any combination.

If any holders of impaired Claims votes to reject the Plan, the Debtors may seek to satisfy the requirements for confirmation of the Plan under the cramdown provisions of section 1129(b) of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section.

Any objection to Confirmation must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount of the Claim or Interest held by the objector. Any such objections must be filed with the Bankruptcy Court and served upon the persons designated in the notice of the Confirmation Hearing included with this Disclosure Statement and in the manner and by the deadline described therein.

III. CAPITAL STRUCTURE AS OF THE PETITION DATE

III.A. Secured Creditors

The following chart provides an overview of the Debtors' secured debt structure. All amounts set forth below are approximations and for informational purposes only:[5]

- Class 1A-1D (FMB Secured Claim) – According to proofs of claim filed by FMB, it is owed the amounts set forth below[6] (less payments already made to FMB pursuant to Bankruptcy Court order) as to each respective Debtor. The assets of each Debtor entity do not secure the debts of any other Debtor entity (*i.e.* there is no cross-collateralization) and William Vander Velde III ("*Vander Velde*"), each of the Debtors' sole member and manager, is a co-borrower or guarantor of the outstanding debt, as set forth in greater detail below. On the later of (a) the Effective Date or (b) the date on which such FMB Secured Claim becomes an Allowed Secured Claim, each Holder of an Allowed Class 1A-1D Secured Claim shall receive (i) Cash in an amount equal to the value of the Collateral securing such Allowed FMB Secured Claim, including, to the extent applicable, postpetition interest under section 506(b) of the Bankruptcy Code or (ii) such other treatment as may be agreed to between the Holder and the Debtors or Reorganized Debtors.

Debtor	Secured Collateral	Amount Owed
EHL (Class 1A)	EHL Property	$393,156.69
Esplanade (Class 1B)	Esplanade Property	$1,333,999.42
9501 (Class 1C)	9501 Property	$1,901,885.98
Belvidere (Class 1D)	Belvidere Property	$145,817.84

FMB alleges it is owed additional amounts for postpetition interest, default interest, and fees and expenses. The Debtors dispute these allegations for the reasons set forth herein.

- Class 1E (Big Rock Secured Claim) – FMB is owed approximately $478,341.72, plus accrued interest, fees, and costs (to the extent applicable), secured by the Big Rock Property. On, or as soon as reasonably practicable after, the Effective Date, Big Rock or Reorganized Big Rock, as the case may be, shall execute and issue the Big Rock Replacement Note to FMB in the amount of [_____], secured

[5] The following information should not be deemed to be an admission by the Debtors that any lenders are secured (or are secured in the collateral described above).

[6] Amounts represent the outstanding principal balance as of the date hereof and does not include alleged interest, fees, and costs (including postpetition costs).

by the Big Rock Property in full satisfaction, settlement, release, and discharge in exchange for the Allowed Class 1E FMB Secured Claim.

- Class 2A-2E (Other Secured Claim) – The Debtors do not believe that any Other Secured Claims exist other than the Secured Claim of Aberon Fund I, LLC, filed against Belvidere (Class 1D) in the amount of $24,597.30. To the extent additional Other Secured Claims exist, on, or as soon as reasonably practicable after, the later of the Effective Date, or the date such Other Secured Claim becomes an Allowed Other Secured Claim or is otherwise payable, each Holder of an Allowed Other Secured Claim shall receive shall receive (i) the collateral securing such Allowed Other Secured Claim, (ii) Cash in an amount equal to the value of the collateral securing such Allowed Other Secured Claim, including, to the extent applicable, postpetition interest under section 506(b) of the Bankruptcy Code, or (iii) such other treatment as may be agreed to between the Holder and the relevant Debtors.

- Class 3A-3E (General Unsecured Claims) – The below table sets forth the amount of claims asserted against the Debtors from Filed or proofs of claim or set forth on the Debtors' Schedules. Except to the extent that a Holder of an Allowed Claim in Classes 3A-3E agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Claim in Classes 3A-3E, each such Holder shall be paid its Allowed Claim in full, without interest, after Holders of Allowed Class 1A-1E Claims and Allowed Classes 2A-2E Claims, respectively, are satisfied pursuant to the terms of the Plan.

Debtor	Amount Asserted
EHL (Class 3A)	$110,500.00
Esplanade (Class 3B)	$11,513.13
9501 (Class 3C)	$21,568.28
Belvidere (Class 3D)	$5,378.00
Big Rock (Class 3 E)	$0.00

III.B. Debtor Equity Interests

All Equity Interests in the Debtors are held by William Vander Velde III, the Debtors' sole member and manager. William Vander Velde III will retain his interest in each of the Debtors after the Effective Date.

IV. EVENTS LEADING TO THE DEBTORS' CHAPTER 11 FILING

Prior to the Petition Date, the respective Debtors purchased its Property from FMB's distressed real estate group. The purchases were for cash and/or financed by FMB as follows:

The 9501 Property

9501 purchased the 9501 Property for $2,000,000 (the "*9501 Purchase Price*") pursuant to terms of that certain Real Estate Purchase and Sale Agreement (the "*9501 Purchase Agreement*") dated March 15, 2010 by and between 9501 and First Midwest Bank as Trustee under Trust Agreement dated August 3, 1993 and known as Trust No. 5712.

The 9501 Purchase Agreement closed on March 29, 2010 and the 9501 Purchase Price was paid as follows:

A. $300,000 cash; and

B. $1,700,000 from the proceeds of that certain Term Note (as amended from time to time thereafter, the "*9501 Term Note*") dated March 29, 2010, executed by 9501 in favor of FMB in the original principal amount of $1,700,000. The outstanding principal balance of the 9501 Term Note as of the Petition Date was approximately $1,552,479.11 plus accrued interest, fees, and costs (the "*Prepetition 9501 Term Note Debt*"). 9501 also executed that certain Line of Credit Note (as amended from time to time thereafter, the "*9501 LOC Note*") in favor of FMB dated March 29, 2010 in the original principal amount of $350,000. The outstanding principal balance of the 9501 LOC Note as of the Petition Date was approximately $349,406.87 plus accrued interest, fees, and costs (the "*Prepetition 9501 LOC Debt*," and collectively with the Prepetition 9501 Term Note Debt, the "*Prepetition 9501 Debt*"). The Prepetition 9501 Debt is secured by (a) that certain Mortgage, Fixture Filing and Security Agreement with Assignment of Rents dated March 29, 2010 by and between 9501 and FMB related to the 9501 Property and (b) that certain Assignment of Leases and Rents dated March 29, 2010 by and between 9501 and FMB.

The Belvidere Property

Belvidere purchased the Belvidere Property for $1,025,000 (the "*Belvidere Purchase Price*") cash pursuant to terms of that certain Real Estate Purchase and Sale Agreement (the "*Belvidere Purchase Agreement*") by and between Synergy Property Holdings, LLC ("*Synergy*," a wholly-owned FMB affiliate) and Belvidere dated March 31, 2010.

The EHL and Esplanade Properties

EHL purchased Lots 13 and 14 of the EHL Property and the Esplanade Property for the aggregate amount of $2,500,000 ("*EHL Purchase Price*") pursuant to the terms of that certain Purchase and Sale Agreement (the "*EHL Purchase Agreement*") dated September 24, 2010 by and between Esplanade and Synergy. The EHL Purchase Agreement closed on December 31,

2010 and, at closing, Synergy executed a Warranty Deed transferring the EHL Property to EHL. The EHL Purchase Price was paid as follows:

A. $75,000 cash;

B. $425,000 from the proceeds of that certain Promissory Note (as amended from time to time thereafter, the "*2010 Belvidere Note*") dated December 30, 2010, executed by Belvidere and William Vander Velde III, jointly and severally, in favor of FMB in the original principal amount of $425,000, which principal amount was subsequently increased to $675,000 through a series of amendments. The outstanding principal balance of the 2010 Belvidere Note as of the Petition Date was approximately $588,013.36 plus accrued interest, fees, and costs (the "*Prepetition 2010 Belvidere Debt*"). The 2010 Belvidere Note is secured by (a) that certain Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated December 30, 2010 by and between Belvidere and FMB related to the Belvidere Property; and (b) that certain Assignment of Leases and Rents dated December 30, 2010 by and between Belvidere and FMB; and

C. $2,000,000 from the proceeds of that certain Promissory Note (as amended from time to time thereafter, the "*Esplanade Note*") dated December 30, 2010, executed by EHL[7] and Esplanade in favor of FMB in the original principal amount of $2,000,000. The outstanding principal balance of the Esplanade Note as of the Petition Date was approximately $1,012,979.50 plus accrued interest, fees, and costs (the "*Prepetition Esplanade Note Debt*"). The Esplanade Note is secured by (a) that certain Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing dated December 30, 2010 by and between Esplanade and FMB related to Esplanade Property and (b) that certain Assignment of Leases and Rents dated March 29, 2010 by and between Esplanade and FMB.

Simultaneously with the closing of the EHL Purchase Agreement, EHL entered into that certain lease (the "*Hobby Lobby Lease*") dated December 30, 2010 with Hobby Lobby Stores Inc. ("*Hobby Lobby*") that provided for the construction of a Hobby Lobby retail store and the lease for such store on the EHL Property.

The construction of the Hobby Lobby store was financed primarily with the proceeds of that certain Promissory Note (as amended from time to time thereafter, the "*EHL Note*") dated April 27, 2011, executed by EHL in favor of FMB in the original principal amount of $3,500,000, which was subsequently increased to (i) $3,600,000 pursuant to the First Amendment dated September 30, 2011 and (ii) $3,950,000 pursuant to the Second Amendment dated June 29, 2012. The outstanding principal balance of the EHL Note as of the Petition Date was approximately $3,931,566.89 plus accrued interest, fees, and costs (collectively, the "*Prepetition EHL Debt*"). The EHL Note is secured by (a) that certain (i) Construction Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated April

[7] EHL was released from the Esplanade Note pursuant to that certain *Second Amendment to Loan Documents* dated as of December 31, 2011.

27, 2011 (the "*EHL Mortgage*") related to Lots 13 and 14 of the EHL Property and (ii) First Amendment to Loan Documents dated September 30, 2011 related to Lot 12; and (b) that certain Assignment of Leases and Rents dated April 27, 2011. The EHL Note was also governed by the terms of that certain Construction Loan Agreement dated April 27, 2011 by and between EHL and FMB, which provided that construction of the Hobby Lobby store was financed by the proceeds of the EHL Note (75%) and Vander Velde's contributions (25%). The original budget was $5.3 million, however, for reasons set forth below, the actual construction costs were approximately $6.3 million.

Vander Velde financed his equity contribution as follows:

A. $300,000 cash;

B. $80,000 from the proceeds of the 9501 LOC Note;

C. $150,000 from the increase in the principal amount of the 2010 Belvidere Note;

D. $430,000 from the proceeds of that certain Promissory Note (as amended from time to time thereafter, the "*2012 Belvidere Note*") dated February 15, 2012, executed by Belvedere and Vander Velde, jointly and severally, in favor of FMB in the original principal amount of $350,000, which principal amount was subsequently increased to $430,000 through a series of amendments. The outstanding principal balance of the 2012 Belvidere Note as of the Petition Date was approximately $445,577.79 plus accrued interest, fees, and costs (the "*Prepetition 2012 Belvidere Note*" and collectively, with the Prepetition 2010 Belvidere Debt, the "*Prepetition Belvidere Debt*"). The 2012 Belvidere Note is secured by (a) that certain Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated February 15, 2012 by and between Belvidere and FMB related to the Belvidere Property and (b) that certain Assignment of Leases and Rents dated February 15, 2012 by and between Belvidere and FMB; and

E. $662,500 from the proceeds of that certain Promissory Note (as amended from time to time thereafter, the "*Big Rock Note*") dated August 22, 2012, executed by Big Rock and Vander Velde, jointly and severally, executed in favor of FMB in the original principal amount of $662,500. The outstanding principal balance of the Big Rock Note as of the Petition Date was approximately $461.831.25 plus accrued interest, fees, and costs (the "*Prepetition Big Rock Debt*") and the Prepetition Big Rock Debt is secured by (a) that certain Deed of Trust dated August 22, 2012 by and between Big Rock and FMB related to the Big Rock Property and (b) that certain Assignment of Rents dated August 22, 2012 by and between Big Rock and FMB.

In summary, the Hobby Lobby construction costs were funded as follows:

Funding Source	Description	Amount
FMB	EHL Note	$3,900,000
FMB	9501 LOC Note	$ 80,000
FMB	2010 Belvidere Note	$ 150,000
FMB	2012 Belvidere Note	$ 430,000
FMB	Big Rock Note	$ 460,500
Vander Velde	Cash	$ 300,000
Total		**$5,320,500**

As set forth in the Declaration of William Vander Velde III in Support of First-Day Motion and Applications [Docket No. 3] (the "*Vander Velde Declaration*"), which is incorporated as if fully set forth herein and attached hereto as Exhibit A, Synergy/FMB failed to perform its duties as developer of the EHL Property, including, but not limited to, making improvements to the Esplanade Property required by the Village of Algonquin and failure to properly establish declarations and a condominium association.

As a result of Synergy/FMB's conduct, EHL was unable to sell the EHL Property prior to the Petition Date (despite having located several purchasers), incurred millions of dollars of additional debt, and was unable to timely pay its mechanic lien creditors and general unsecured creditors.

EHL has informed FMB/Synergy of its allegations through the Vander Velde Declaration and a draft complaint. In the draft complaint, EHL asserts that (i) FMB and Synergy were one legal entity and (ii) its damages resulting from the conduct of FMB/Synergy are in excess of what the Debtors owe FMB.

FMB denies that it or Synergy engaged in any misconduct and that the Debtors owe it unpaid principal, interest (contractual and default rate), and fees and expenses.

The Debtors believe that they may have certain claims against FMB related to the ES Subdivision and the EHL Property and reserve all rights to object to each FMB Secured Claim and/or commence litigation against FMB. The Debtors are currently negotiating with FMB to consensually resolve all claims.

Foreclosure Cases and Appointment of a Receiver

On December 20, 2013, O'Hare Mechanical Contractors, Inc. ("*OMC*") filed its complaint (the "*Mechanic Lien Complaint*") against EHL in the Circuit Court for the 16th Judicial District, Kane County, Illinois captioned as Case No. 2013 CH 2726. OMC also named seventeen other parties and the general contractor in the Mechanic Lien Complaint, all of whom claimed an interest in the EHL Property (collectively, along with OMC, the "*Mechanic Lien Claimants*").

On May 31, 2016, FMB filed a Verified Complaint to Foreclose Mortgages and Other Relief in the Circuit Court of the Nineteenth Judicial Circuit in Lake County, Illinois, against Belvidere and Vander Velde, seeking, among other things, to foreclose the 2010 Mortgage and the 2012 Mortgage. On July 15, 2016, FMB filed a Motion to Appoint Receiver (the "*Belvidere Receiver Motion*"). On August 24, 2016, the court granted the Belvidere Receiver Motion and appointed Matthew Brash (the "*Receiver*") as receiver over the Belvidere Property.

On June 17, 2016, FMB filed a:

(a) Verified Counterclaim and Cross Claim to Foreclose Mortgage and Other Relief in the same case to foreclose its interest in the EHL Property. On June 24, 2016, FMB filed its Motion to Appoint Receiver (the "*EHL Receiver Motion*"). On September 20, 2016, the EHL Receiver Motion was granted and Matthew Brash was appointed as receiver over the EHL Property.

(b) Verified Complaint to Foreclose Mortgage and Other Relief against, Esplanade and Vander Velde, in the Circuit Court for the 16th Judicial District in Kane County, Illinois. On August 2, 2016, FMB filed a Motion to Appoint Receiver (the "*Esplanade Receiver Motion*"). On October 3, 2016, the court granted the Esplanade Receiver Motion and Matthew Brash was appointed as the receiver for the Esplanade Property.

(c) Verified Complaint to Foreclose Mortgage and Other Relief against, among others, 9501 and Vander Velde, in the Circuit Court of Cook County, Chancery Division. On August 1, 2016, FMB filed its Motion to Appoint Receiver (the "*9501 Receiver Motion*"). On October 4, 2016, the 9501 Receiver Motion was granted and Matthew Brash was appointed receiver the 9501 Property.

On July 19, 2016, FMB initiated a non-judicial foreclosure proceeding against Big Rock and the Big Rock Property in Park County, Colorado (Foreclosure Sale No. 2016-0027).

V. EVENTS DURING THE CHAPTER 11 CASES

Commencement of Chapter 11 Cases and Removal of Receiver

On October 17, 2016, each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in order to regain control of their assets for the purpose of obtaining exit financing to repay FMB, certain mechanic lien claimants, and their other creditors or, in the alternative, selling their assets.

On October 25, 2016, the Bankruptcy Court entered an order consolidating the Debtors' chapter 11 cases for procedural purposes only. The Chapter 11 Cases are currently being jointly administered as *In re Esplanade HL, LLC, et al.* (Case No. 16-33008 (CAD)).

On October 17, 2016, the Debtors filed their Motion for Interim and Final Orders: (I) Authorizing Use of Cash Collateral; (II) Granting Adequate Protection; (III) Scheduling Final Hearing; And (IV) Granting Related Relief (the "*Cash Collateral Motion*") [Docket No. 4], which was initially granted on October 31, 2016 [Docket No. 33]. The Cash Collateral Motion has been entered and continued on fifteen occasions and the Debtors continue to use cash collateral in accordance with monthly budgets.

On October 17, 2016, the Debtors filed their Application Employ Goldstein & McClintock LLLP as Counsel to the Debtors [Docket No. 6]; which application was granted on November 16, 2016 [Docket No. 51].

On October 21, 2016, the Debtors filed their Emergency Motion to Compel Matthew Brash, Receiver to Comply with Section 543 of the Bankruptcy Code [Docket No. 11] to remove the Receiver from the Illinois Properties. On October 21, 2016, FMB filed its Motion to Excuse Compliance with Turnover Provisions of Section 543 of the Bankruptcy Code [Docket No. 13]. Following negotiations between the Debtors, FMB, and Vander Velde, on November 14, 2016, the Bankruptcy Court entered its Agreed Order (I) Resolving Debtors' and First Midwest Bank's Respective Motions for Relief under Section 543 and (II) Granting Related Relief [Docket No. 44]. The order, among other things, resulted in the removal of the Receiver and the turnover of the Illinois Properties to the Debtors.

The Debtors' Sale Process

On December 2, 2016, the Debtors filed their Application to Employ A&G Realty Partners, LLC as Real Estate Advisors to the Debtors [Docket No. 70], which was granted on December 7, 2016 [Docket No. 75]. A&G effectively and efficiently marketed the Illinois Properties to potential purchasers for at least four months.

On May 5, 2017, EHL filed its Motion for Entry of an Order (a)(i) Approving Procedures for the Sale of the Debtor's Real Property Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (ii) Scheduling an Auction; (iii) Approving Form and Manner of Notices Associated with the Auction; (iv) Setting a Final Sale Hearing; (b) Establishing Procedures for the Assumption and Assignment of an Unexpired Leases; (c) Approving the Sale to the Purchaser or the Highest or Best Offer at Auction; and (d) Granting Related Relief [Docket No. 142]. On June 8, 2017, this Court entered the Order (A) Approving the Sale to the Purchaser or the Highest or Best Offer at Auction, Free and Clear of Liens, Claims, Liabilities, and Encumbrances and (B) Granting Related Relief [Docket No. 160], approving the sale of the EHL Property to VEREIT Acquisitions, LLC (the "*EHL Sale Transaction*"). The EHL Sale Transaction closed on June 23, 2017, generating gross sale proceeds in the amount of $6,264,000.00.

Further, on June 9, 2017, Belvidere filed its Motion for Entry of an Order (a)(i) Approving Procedures for the Sale of the Debtor's Real Property Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (ii) Scheduling an Auction; (iii) Approving Form and Manner of Notices Associated with the Auction; (iv) Setting a Final Sale Hearing; (b) Establishing Procedures for the Assumption and Assignment of an Unexpired Leases; (c) Approving the Sale to the Purchaser or the Highest or Best Offer at Auction; and (d) Granting

Related Relief [Docket No. 162] (the "*171 Belvidere Sale Motion*"). On July 12, 2017, this Court entered an order granting the 171 Belvidere Sale Motion and the sale closed on August 7, 2017 (the "*171 Belvidere Sale Trans*action"), generating gross sale proceeds in the amount of $1,440,000.00.

On August 2, 2017, Esplanade filed its Motion for Entry of an Order (a)(i) Approving Procedures for the Sale of the Debtor's Real Properties Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (ii) Scheduling an Auction; (iii) Approving Form and Manner of Notices Associated with the Auction; (iv) Setting a Final Sale Hearing; (b) Establishing Procedures for the Assumption and Assignment of an Unexpired Leases; (c) Approving the Sale to the Highest or Best Offer at Auction; and (d) Granting Related Relief [Docket No. 201] (the "*2380 Sale Motion*"). The 2380 Sale Motion was heard on October 5, 2017 and an order was entered, authorizing the sale of the Esplanade Property for $1,900,000.00. On or around November 1, 2017, the sale of the Esplanade Property closed.

On September 21, 2017, 9501 filed its Motion for Entry of an Order (a) Approving Private Sale of the Debtor's Real Property Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (b) Approving the Form and Manner of Notices of the Sale; (c) Establishing Procedures for the Assumption and Assignment of Unexpired Leases; and (d) Granting Related Relief [Docket No. 240] (the "*9501 Sale Motion*"), seeking to sell the 9501 Property for $3,500,000.00. On October 12, 2017, this Court entered the Order (a) Approving Private Sale of the Debtor's Real Property Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (b) Approving the Form and Manner of Notices of the Sale; (c) Establishing Procedures for the Assumption and Assignment of Unexpired Leases; and (d) Granting Related Relief [Docket No. 260], granting the 9501 Sale Motion. On or around November 1, 2017, the sale of the 9501 Property closed.

On September 21, 2017, EHL filed its Motion for Entry of an Order (a) Approving Private Sale of the Debtor's Real Property Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (b) Establishing Procedures for the Assumption and Assignment of Unexpired Leases; and (c) Granting Related Relief [Docket No. 241] (the "*Outlot Sale Motion*"), seeking to sell its "outlot" property for $180,000.00. On October 12, 2017, this Court entered the Order (a) Approving Private Sale of the Debtor's Real Property Free and Clear of all Liens, Claims, Encumbrances, and Other Interests; (b) Approving the Form and Manner of Notices of the Sale; (c) Establishing Procedures for the Assumption and Assignment of Unexpired Leases; and (d) Granting Related Relief [Docket No. 259] granting the Outlot Sale Motion. The sale of the outlot closed on November 3, 2017.

Claims Process and Bar Date

By order dated December 7, 2016 [Docket No. 74], the Bankruptcy Court established February 7, 2016 as the deadline for the filing of proofs of claims in the Debtors' Chapter 11 Cases:

The Debtors believe they may have valid objections to some of the Claims that have been Filed. Accordingly, the Debtors may intend to file objections to Claims on a number of grounds, including, among others, that such Claims: (a) are duplicative of other Claims asserted against

the Debtors; (b) were filed after the applicable bar date; (c) have been amended and superseded by subsequently filed Claims; (d) overstate the Debtors' liability; (e) do not represent a valid obligation of the Debtors; and/or (f) were asserted with the improper priority status.

Paydown of Certain FMB Claims

On June 23, 2017, EHL filed its Motion for Interim Distribution and Allocation of Sale Proceeds and to Shorten Notice [Docket No. 179] (the "*EHL Proceeds Motion*"). On June 28, 2017, the Bankruptcy Court entered an order granting the EHL Proceeds Motion and authorized EHL to distribute $3,538,410.20 (approximately 90% of the principal amount owed) to FMB, on an interim basis and subject to disgorgement in the future in the event that FMB is not entitled to any or all of such distribution.

On August 25, 2017, Belvidere filed its Motion for Interim Distribution and Allocation of Sale Proceeds [Docket No. 227] (the "*Belvidere Proceeds Motion*"). On September 20, 2017, the Bankruptcy Court entered an order granting the Belvidere Proceeds Motion and authorized Belvidere to distribute $930,232.04 (approximately 90% of the principal amount owed) to FMB, on an interim basis and subject to disgorgement in the future in the event that FMB is not entitled to any or all of such distribution.

Mechanic Lien Settlement

Following extensive negotiations with mechanic lien claimants, on December 21, 2017, EHL filed its Motion for Entry of an Order (a) Approving (i) Settlement Agreement with Certain Mechanic Lien Claimants; and (ii) Procedures to Bind Settlement on Other Mechanic Lien Claimants; and (b) Granting Related Relief [Docket No. 281] (the "*Mechanic Lien Settlement Motion*") to resolve all pending mechanic lien claims against EHL. On January 17, 2018, the Bankruptcy Court entered an order granting the Mechanic Lien Settlement Motion [Docket No. 291]. Pursuant to the settlement reached, EHL paid $1,014,546.50 to approximately twelve different mechanic lien claimants in exchange for a release of all claims and liens against EHL. Upon information and belief, EHL no longer has any mechanic lien or other secured claimants as a result of the settlement.

VI. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

VI.A. Requirements of Section 1129(a) of the Bankruptcy Code

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtors, including that:

(a) the Plan otherwise complies with the applicable provisions of the Bankruptcy Code;

(b) the Debtors have complied with the applicable provisions of the Bankruptcy Code;

(c) the Debtors, as proponents of the Plan, have proposed the Plan in good faith and not by any means forbidden by law;

(d) disclosure regarding the Plan has been made that is required by section 1125 of the Bankruptcy Code;

(e) the Plan has classified Claims and Interests in a permissible manner;

(f) the disclosures required under section 1129(a)(5) concerning the identity and affiliations of persons who will serve as officers, directors and voting trustees of the Debtors have been made;

(g) the Plan is in the "best interests" of all holders of Claims or Interests in an impaired Class by providing to creditors or interest holders on account of such Claims or Interests property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim or Interest in such Class has accepted the Plan;

(h) the Plan has been accepted by the requisite votes of creditors and equity interest holders in impaired classes, except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code;

(i) at least one Class of Claims that is impaired under the Plan has voted to accept the Plan, without including any acceptance of the Plan by any insider;

(j) the Plan is feasible; and

(k) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid, or the Plan provides for the payment of such fees on the Effective Date.

VI.B. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by all impaired classes, as long as all of the other requirements for confirmation set forth in section 1129(a) of the Bankruptcy Code have been met and the plan is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code.

VI.B.1. Fair and Equitable

The Bankruptcy Code establishes different "cramdown" tests for determining whether a plan is "fair and equitable" with respect to dissenting impaired classes of secured creditors, unsecured creditors and equity interest holders as follows:

Secured Creditors. A plan is fair and equitable to a class of secured claims that rejects the plan if the plan provides: (a) that each of the holders of the secured claims included in the rejecting class (i) retains the liens securing its claim to the extent of the allowed amount of such claim, whether the property subject to those liens is retained by the debtor or transferred to another entity and (ii) receives on account of its secured claim deferred cash payments having a present value, as of the effective date of the plan, at least equal to 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 the claims included in the rejecting class, free and clear of such liens with such liens to attach to the proceeds of the sale, and the treatment of such liens on proceeds in accordance with clause (a) or (c) of this paragraph; or (c) that each of the holders of the secured claims included in the rejecting class realizes the "indubitable equivalent" of its allowed secured claim.

Unsecured Creditors. A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides that: (a) each holder of a claim included in the rejecting class receives or retains under the plan, property of a value, as of the effective date of the plan, equal to the amount of its allowed claim; or (b) the holders of claims and interests that are junior to the claims of the rejecting class will not receive or retain any property under the plan on account of their existing interests.

Holders of Interests. A plan is fair and equitable as to a class of interests that rejects the plan if the plan provides that: (a) each holder of an equity interest included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of (i) any fixed liquidation preference to which such holder is entitled, (ii) the fixed redemption price to which such holder is entitled or (iii) the value of the interest; or (b) the holder of any interest that is junior to the interests of the rejecting class will not receive or retain any property under the plan.

In the event the Debtors do not receive sufficient votes in favor of the Plan from the holders of Impaired Claims for such classes to have accepted the Plan, the Debtors reserve the right to seek confirmation through cramdown, to modify the Plan, or to determine, in their sole discretion, not to seek to confirm the Plan.

VI.B.2. "Unfair Discrimination"

A plan of reorganization does not "discriminate unfairly" if a dissenting class is treated substantially equally with respect to other classes similarly situated, or any discrimination among the classes is determined not to be unfair by the Bankruptcy Court.

VI.C. Best Interests of Creditors Test; Liquidation Analysis

Notwithstanding acceptance of the Plan by each impaired Class, to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Interest in any such impaired Class who has not voted to accept the Plan. If an impaired Class does not accept the Plan, 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 member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the applicable Debtor or Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

Classes 1E and 3A-3E are impaired under the Plan. To estimate what members of the impaired Classes would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the cash that would be available if each of the Chapter 11 Cases were converted to a chapter 7 case under the Bankruptcy Code and each of the

respective Debtor's assets were liquidated by a chapter 7 trustee (the "*Liquidation Value*"). The Liquidation Value of a Debtor would consist of the net proceeds received from the disposition of such Debtor's assets plus any cash held by such Debtor.

A liquidation analysis is unnecessary in this case, as the only difference between a chapter 11 plan and chapter 7 liquidation as to EHL, Esplanade, 9501, and Belvidere is that chapter 7 trustee fees would be taken out of unsecured creditors and/or Holders of Equity Interests' recoveries, thus decreasing the value of the Estates. With respect to Big Rock, FMB will be paid out of Vander Velde's assets.

The Debtors each believe that a chapter 7 liquidation of each of the Debtors' Estates would result in diminution in the value to be realized by holders of Claims (due to chapter 7 administrative costs), as compared to the proposed distributions under the Plan.

VI.D. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court will have to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which requires that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. Given the nature of the Debtors' assets and business, this Court need not make this determination. Because four of the Debtors have liquidated substantially all of their assets, the Debtors have not provided the detailed financial information required pursuant to Local Rule 3016-1(2).

VII. RISK FACTORS

Prior to voting on the Plan, each holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement, including the Exhibits hereto. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation. *See* Section XIV for a discussion of certain tax considerations in connection with the Plan.

VII.A. Risks In Connection with the Reorganization Cases

VII.A.1. Risk of Non-Confirmation of the Plan

Even if all impaired Classes accept or are deemed to accept the Plan, the Plan may still not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code, which sets forth the requirements for Confirmation, requires, among other things: (a) that Confirmation not be followed by a need for further reorganization or liquidation (i.e., that the plan is "feasible"); (b) that the value of distributions to dissenting holders not be less than the value of distributions to such holders if the Debtors were liquidated under chapter 7 of the Bankruptcy Code; and (c) that the Plan and the Debtors otherwise comply with the applicable provisions of the Bankruptcy Code. Although the Debtors believe that the Plan will meet all of the applicable requirements, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

VII.A.2. Nonconsensual Confirmation

Pursuant to the "cramdown" provisions of section 1129 of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan at the Debtors' request if, excluding the acceptance of any "insider," at least one impaired Class has accepted the Plan and the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired Class that has not accepted the Plan.

The Debtors reserve the right to modify the terms of the Plan, as necessary, to seek Confirmation without the acceptance of all impaired Classes. Such modification could result in less favorable treatment for non-accepting Classes of Claims than the treatment currently provided for in the Plan. Further, in the event an impaired Class of Claims fails to approve the Plan, the Debtors may determine, in their sole discretion, not to seek Confirmation of the Plan.

VII.A.3. Non-Resolution of FMB Claim

To the extent the Debtors are unable to resolve the FMB Claim in a timely manner, unsecured creditors may experience a delay (in addition to a reduction in the amount of their claim) in the payment on their Allowed Claims.

VII.A.4. Conditions Precedent to the Effectiveness of the Plan

Even if confirmed, the Plan may still not become effective if the conditions to effectiveness set forth in Section VII.C of the Plan are not satisfied, or duly waived in accordance with the Plan. *See* Section XII to this Disclosure Statement for a description of the conditions to the effectiveness of the Plan.

VII.A.5. The Debtors May Object to the Amount, or the Secured or Priority Status, of a Claim

The Debtors reserve the right to object to the amount, or the Secured or Priority status, of any Claim. Any such Holder of a Claim will receive its specified share of the estimated distributions described in the Disclosure Statement only to the extent its Claim becomes an Allowed Claim.

VII.A.6. Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, even after Confirmation of the Plan, the Reorganized Debtors will retain and may enforce causes of action against creditors. Accordingly, a holder of a Claim may be subject to one or more such claims brought by the Reorganized Debtors, even if such holder has voted in favor of the Plan.

VIII. MEANS FOR IMPLEMENTATION OF THE PLAN

VIII.A. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan, the Debtors will, continue to exist after the Effective Date as a separate legal Entity, with all the powers of a corporation or other applicable form of legal entity under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. Except as otherwise provided herein, as of the Effective Date, all property of the respective Estates of the Debtors, and any property acquired by a Debtor or Reorganized Debtors under the Plan, will vest in the applicable Reorganized Debtors, free and clear of all Claims, liens, charges, other encumbrances and Interests. On and after the Effective Date, each Reorganized Debtors may operate its businesses and may use, acquire and dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order.

To the extent desirable, a Debtor may be dissolved without any further action by the stockholders, officers, or directors of the applicable Debtor. In connection with the relevant operating agreements, any Debtor may, in their sole discretion, file all necessary certificates of dissolution and take any other actions necessary or appropriate to reflect the dissolution of any Debtor under Illinois state law, where such Debtor is incorporated. All applicable regulatory or governmental agencies shall accept any certificates of dissolution or other papers filed by any Debtor and shall take all steps necessary to allow and reflect the prompt dissolution of such Debtor as provided herein, without the payment of any fee, tax, or charge and without need for the filing of reports or certificates, except as such Debtor may determine in its sole discretion.

VIII.B. Preservation of Rights of Action; Settlement of Claims and Releases

VIII.B.1. Preservation of Rights of Action by the Debtors and the Reorganized Debtors

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code and to the fullest extent possible under applicable law, the Reorganized Debtors shall retain and may enforce (and shall have the sole right to enforce) any claims, demands, rights, and Causes of Action that any Debtor or Estate may hold against any Entity. The Reorganized Debtors or their successors may pursue, or not pursue, such retained claims, demands, rights, or Causes of Action, as they deem appropriate in their discretion.

VIII.B.2. Comprehensive Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided under the Plan, the provisions of the Plan, including the releases set forth in Section VIII.E of the Plan, shall constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Claim, Interest, or any Distribution to be made pursuant to the Plan on account of any

Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, the Reorganized Debtors and their respective property and Claim and Interest holders and is fair, equitable, and reasonable.

VIII.B.3. Releases

a. Releases by Debtors

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and William Vander Velde III, each in their individual capacity and as a debtors in possession, shall forever release, waive, and discharge all claims, obligations, suits, judgments, demands, debts, rights, causes of action, and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the parties released pursuant to the Releases; (ii) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (iii) the solicitation of acceptances and rejections of the Plan; (iv) the solicitation of the Releases; (v) the Chapter 11 Cases; (vi) the property to be distributed under the Plan; or (viii) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Chapter 11 Cases, against (a) the Debtors' agents and Professionals; (b) each Holder of an Allowed Claim that votes to accept the Plan; and (c) the Reorganized Debtors.

b. General Releases by Holders of Claims or Interests

As of the Effective Date, in exchange for accepting consideration pursuant to the Plan, all Holders of Allowed Claims that vote to accept the Plan, shall forever release, waive and discharge all Claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities (other than the right to enforce the Debtors' obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered under the Plan, and in the event of gross negligence or fraud), whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to (i) the Debtors; (ii) the parties released pursuant to the Releases; (iii) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (iv) the solicitation of acceptances and rejections of the Plan; (v) the solicitation of the Releases; (vi) the Chapter 11 Cases; (vii) the property to be distributed under the Plan; or (viii) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Chapter 11 Cases, against each of (a) the Debtors' agents and Professionals; (b) the Debtors; (c) the Reorganized Debtors; and (d) William Vander Velde III.

c. **Release of Liens**

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document assumed, entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article III of the Plan, all mortgages, deeds of trust, liens, or other security interests against any property shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, shall revert to the applicable Debtor or applicable Reorganized Debtor, as the case may be.

d. **Injunction Related to Releases**

As further provided in the Plan, the Confirmation Order shall permanently enjoin the commencement or prosecution by any Entity, whether directly, derivatively or otherwise, of any Liabilities released pursuant to the Plan at the times set forth in the Plan.

VIII.C. Cancellation and Surrender of Instruments, Securities and Other Documentation

Except as otherwise provided in the Plan or in any contract, instrument or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article V of the Plan, the holders of or parties to such cancelled instruments, securities, and other documentation shall have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided pursuant to the Plan.

IX. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Debtors do not believe that any executory contracts or unexpired leases remain.

X. PROVISIONS GOVERNING PLAN DISTRIBUTIONS

X.A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, Distributions to be made on the Effective Date to holders of Claims that are Allowed Claims as of the Effective Date shall be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable.

X.B. Method of Distributions to Holders of Claims

Cash payments, made pursuant to the Plan, shall be in U.S. dollars and, at the option and in the sole discretion of the Reorganized Debtors, be made by (a) checks drawn on or (b) wire transfers from a domestic bank selected by the Reorganized Debtors.

X.C. Delivery of Distribution and Undeliverable or Unclaimed Distributions

X.C.1. Delivery of Distributions

Subject to the provisions of Rule 2002(g) of the Bankruptcy Rules, and except as otherwise provided herein, distributions and deliveries to Holders of Allowed Claims shall be made at the address of each such Holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by the address set forth on timely filed proof(s) of claim or some other writing Filed with the Bankruptcy Court and served upon the respective Debtor, whomever the Holder of an Allowed Claim has a Claim against.

X.C.2. Undeliverable Distributions

a. Holding of Undeliverable Distributions

If any Distribution to any Holder of an Allowed Claim is returned to a Reorganized Debtor as undeliverable, no further Distributions shall be made to such Holder unless and until the applicable Reorganized Debtor is notified by such Holder, in writing, of such Holder's then-current address. Upon such an occurrence, the appropriate Distribution shall be made as soon as reasonably practicable after such Distribution has become deliverable. All Entities ultimately receiving previously undeliverable Cash shall not be entitled to any interest or other accruals of any kind. Nothing contained in the Plan shall require the Debtors or the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

b. Failure to Claim Undeliverable Distributions

Any Holder of an Allowed Claim entitled to an undeliverable or unclaimed Distribution that does not provide notice of such Holder's correct address to the correct and applicable Reorganized Debtor within ninety (90) days after the date of the initial Distribution made by the applicable Reorganized Debtor to such Holder, shall be deemed to have forfeited its claim for such undeliverable or unclaimed Distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed Distribution against the Reorganized Debtors. If, after ninety days, Distributions remain unclaimed, unclaimed Distributions shall become the property of the Reorganized Debtors.

X.D. Setoffs

Consistent with applicable law, the Reorganized Debtors may, but shall not be required to, set off against any Allowed Claim and the Distributions to be made pursuant to the Plan on account thereof (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors, their Estates, or the Reorganized Debtors may hold against the Holder of such Allowed Claim; provided, however, that neither the failure to effect such a set off nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtors, their Estates, or the Reorganized Debtors of any such claims, rights, and Causes of Action that the Debtors, their Estates, or the Reorganized Debtors may possess against such Holder.

X.E. Allocation of Payments

Amounts disbursed to holders of Claims in satisfaction thereof shall be allocated first to the principal amounts of such Claims, with any excess being allocated to interest that has accrued on such Claims but remains unpaid.

X.F. Postpetition Interest

Except as otherwise provided herein or as required by applicable bankruptcy law, Postpetition Interest shall not be disbursed on account of any Claim.

XI. PROCEDURES FOR RESOLVING DISPUTED CLAIMS

XI.A. Prosecution of Objection to Claims

After the Effective Date, the Reorganized Debtors shall object (and shall take over, and continue prosecuting, any outstanding objections by the Debtors) to the allowance of Disputed Claims filed with the Bankruptcy Court. All objections shall be litigated to Final Order; provided, however, that the Reorganized Debtors shall have the authority and sole discretion to file, settle, compromise, or withdraw any objections to Claims, without approval of the Bankruptcy Court.

The Reorganized Debtors shall have sole and complete discretion to decide not to review and/or object to proofs of Claim, including, without limitation, to decide not to object to claims below a certain dollar amount to the extent the Reorganized Debtors believes that such review and/or objection would be uneconomical.

No Bankruptcy Court approval shall be required in order for the Reorganized Debtors to settle and/or compromise any Claim, objection to Claim, cause of action, or right to payment of or against the Debtors or their Estates.

XI.B. Treatment of Disputed Claims

Notwithstanding any other provisions of the Plan, no payments or Distributions shall be made on account of a Disputed Claim until such Claim becomes an Allowed Claim.

XI.C. Enforcement of Bar Date Order

In accordance with section 502(b)(9) of the Bankruptcy Code, any Entity that failed to File a proof of Claim by the applicable Bar Date and was not otherwise permitted to File a proof of Claim after the applicable Bar Date by a Final Order of the Bankruptcy Court is and shall be barred, estopped and enjoined from asserting any Claim against the Debtors (i) in an amount that exceeds the amount, if any, that is identified in the Schedules on behalf of such Entity as undisputed, noncontingent, and liquidated; or (ii) of a different nature or a different classification than any Claim identified in the Schedules on behalf of such Entity. All Claims Filed after the applicable Bar Date and for which no Final Order has been entered by the Bankruptcy Court determining that such Claims were timely Filed shall be disallowed and expunged. Any

Distribution on account of such Claims shall be limited to the amount, if any, listed in the applicable Schedules as undisputed, noncontingent, and liquidated.

XII. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

XII.A. Conditions to Confirmation

The occurrence of the Confirmation Date shall be subject to satisfaction of the following conditions precedent:

1. The entry of the Confirmation Order in form and substance satisfactory to the Debtors, and

2. The Debtors being authorized to take all actions necessary or appropriate to enter into, implement, and consummate the Plan and other agreements or documents created in connection with the Plan.

XII.B. Conditions to the Effective Date

For each Debtor, the occurrence of the Effective Date and the Consummation of the Plan are subject to satisfaction of the following conditions precedent:

1. Confirmation Order. The Confirmation Order as entered by the Bankruptcy Court shall be a Final Order in full force and effect, in form and substance reasonably satisfactory to the Debtors.

2. Effective Date Transactions. For each Debtor, one of the Effective Date transactions contemplated in Article VII.C of the Plan shall have been completed, for such Debtor.

XIII. DISCHARGE, INJUNCTION AND SUBORDINATION RIGHTS

XIII.A. Discharge of Claims

All consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever against the Debtors or any of their assets or properties, and, except as otherwise provided herein or in the Confirmation Order, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, upon the Effective Date, the Debtors shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code, (ii) a Claim based upon such debt is Allowed under section 502 of the Bankruptcy Code, or (iii) the Holder of a Claim based upon such debt accepted the Plan. The Confirmation Order shall be a judicial determination of discharge of all liabilities of the Debtors, subject to the Effective Date occurring.

XIII.B. Injunctions

Except as otherwise expressly provided in the Plan, all Entities that receive Distributions under the Plan and that have held, hold, or may hold Claims against or Equity Interests in the Debtors are permanently enjoined, from and after the Effective Date, from taking any of the following actions against any of the Debtors, their Estates, the Reorganized Debtors, or any of its property on account of any Claims or causes of action arising from events prior to the Effective Date: (i) commencing or continuing in any manner any action or other proceeding of any kind; (ii) enforcing, attaching, collecting or recovering by any manner or in any place or means any judgment, award, decree or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance of any kind; and (iv) asserting any defense or right of setoff, subrogation or recoupment of any kind against any obligation, debt or liability due to the Debtors.

By accepting Distributions pursuant to the Plan, each Holder of an Allowed Claim receiving Distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth herein.

XIV. FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. Neither the Debtors, nor any other party in interest have requested a ruling from the Internal Revenue Service (the "*IRS*") or an opinion of counsel concerning same. This Disclosure Statement does not discuss all aspects of federal income taxation that may be relevant to a particular holder of a Claim or Interest in light such holder's individual investment circumstances or to holders subject to special treatment under the federal income tax laws.

ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN TO IT UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS. NOTHING CONTAINED HEREIN SHOULD BE CONSIDERED A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED ON A HOLDER'S INDIVIDUAL CIRCUMSTANCE.

XV. ADDITIONAL INFORMATION

Any statements in this Disclosure Statement concerning the provisions of any document are not necessarily complete, and in each instance reference is made to such document for the full text thereof.

XVI. RECOMMENDATION AND CONCLUSION

The Debtors believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Claims to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before **5:00 p.m., Central Time, on _____, 2018**.

Dated: February 28, 2018

Respectfully submitted,

ESPLANADE HL, LLC
2380 ESPLANADE DRIVE, LLC
9501 W. 144TH PLACE, LLC
171 W. BELVIDERE ROAD, LLC
BIG ROCK RANCH, LLC

By: _____
Name: William Vander Velde III
Their: Sole Member and Manager