UNITED STATES BANKRUPTCY COURT

MIDDLE DISTRICT OF LOUISIANA

IN RE:	*	**CASE NO. 17-10057**
LOVE GRACE HOLDINGS, INC.	*	
DEBTOR	*	
	*	**CHAPTER 11**
	*	

AMENDED JOINT DISCLOSURE STATEMENT AS OF OCTOBER 10, 2017 SUBMITTED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND COUNTRY VISIONS, INC.

INTRODUCTORY STATEMENT

THIS JOINT DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO THE JOINT PLAN OF REORGANIZATION (THIS "JOINT DISCLOSURE STATEMENT") IS SUBMITTED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS ("COMMITTEE") AND COUNTRY VISIONS, INC. ("CVI") AND SOMETIMES JOINTLY REFERRED TO AS PROPONENTS AND CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE JOINT CHAPTER 11 PLAN DATED OCTOBER 10, 2017 FILED BY THE COMMITTEE AND CVI, AND SUMMARIES OF CERTAIN OTHER DOCUMENTS RELATING TO THE CONSUMMATION OF THE PLAN OR THE TREATMENT OF CERTAIN CLAIMS AND EQUITY INTERESTS OF PARTIES-IN-INTEREST, AND CERTAIN FINANCIAL INFORMATION RELATING THERETO. WHILE THE PROPONENTS BELIEVE THAT THESE SUMMARIES PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS. ADDITIONALLY, AS CREDITORS OF THE DEBTOR CERTAIN BACKGROUND INFORMATION AND FINANCIAL STATEMENTS ADVANCED HEREIN RELY NECESSARILY UPON THE REPRESENTATIONS MADE BY THE DEBTOR. EACH HOLDER OF AN IMPAIRED CLAIM OR AN IMPAIRED EQUITY INTEREST SHOULD REVIEW THE ENTIRE

PLAN AND SEEK THE ADVICE OF ITS OWN COUNSEL BEFORE CASTING A BALLOT.

THERE ARE CURRENTLY TWO PLANS BEING PROPOSED FOR CONFIRMATON. THE PROPONENTS OF THIS JOINT PLAN HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTOR, ITS ANTICIPATED FINANCIAL POSITION OR OPERATIONS AFTER CONFIRMATION OF THE PLAN, OR THE VALUE OF THE BUSINESS AND PROPERTY OF THE DEBTOR OTHER THAN AS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT. TO THE EXTENT INFORMATION IN THIS JOINT DISCLOSURE STATEMENT RELATES TO THE DEBTOR, THE DEBTOR HAS PROVIDED THE INFORMATION IN ITS OWN DISCLOSURE STATEMENT AND/OR SCHEDULES, STATEMENTS OF FINANCIAL AFFAIRS AND MONTHLY OPERATING REPORTS FILED UNDER PENALTY OF PERJURY.

NOTHING CONTAINED IN THIS JOINT DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE PROPONENTS OR SHALL CONFER UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER.

JOINT DISCLOSURE STATEMENT UNDER SECTION 1125 OF THE BANKRUPTCY CODE WITH RESPECT TO THE JOINT CHAPTER 11 PLAN AS OF OCTOBER 10, 2017 FILED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND COUNTRY VISIONS, INC.

Whenever from the context it appears appropriate, each term stated in either the singular or the plural will include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender will include the masculine, the feminine and the neuter. The words "herein", "hereof", "hereunder", and others of similar import refer to the Joint Disclosure Statement as a whole and not to any particular section, subsection or clause contained in the Joint Disclosure Statement.

Unless the context requires otherwise, the following words and phrases will have the meanings set forth below when used in capitalized form in this Joint Disclosure Statement. To the extent inconsistent with defined terms in the Joint Plan, the Joint Plan controls:

1.1 Accounts Receivable means any and all accounts as defined under the Uniform Commercial Code owed to the Debtor arising from its operations or otherwise including proceeds thereof.

1.2 Administrative Claim means any of the following which have become Allowed: (a) Professional Fees and Expenses under Section 503(b) of the Bankruptcy Code , (b) any and all Section 503(b)(9) claims held by vendors who supplied goods to the Debtor within 20 days before the filing date, (c) the fees payable to the U.S. Trustee pursuant to 28 U.S.C. §1930(a)(6), (d) principal and interest, together with any contractual fees or charges allowed in favor of the DIP Lender, (e) the Substantial Contribution Claim, as defined by § 1.82 below, and (f) claims for actual, necessary costs and expenses incurred after the Filing Date until the closing of the case, including but not limited to any allowed claims in favor of landlords for assumption of leases or post-petition rejection of leases, as the case may be.

1.3 Allowed means, with respect to Claims, (a) any Claim against the Debtor, proof of which is timely filed or by order of the Bankruptcy Court is not or will not be required to be filed, (b) any Claim that has been or is hereafter listed in the schedules of liabilities filed by the Debtor, as liquidated in amount and not disputed or contingent or (c) any Claim allowed pursuant to this Plan and, in each such case in (a) and (b) above, to which either (i) no objection to allowance has been interposed within the applicable period fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or (ii) such objection is so interposed and the Claim will have been allowed by a Final Order (but only to the extent so allowed).

1.4 Assets means all property of the Debtor as defined in Section 541(a) of the Bankruptcy Code, including but not limited to all leasehold interests in 12 operating retail clothing stores, real estate, Accounts Receivable, cash, intangibles, inventory, fixtures, furniture, office supplies, bags, boxes, tissue and equipment.

1.5 Avoidance Actions means those causes of action, if any, which may be asserted under sections 544-553 of the Bankruptcy Code.

1.6 Ballot means with respect to any class of Claims or Interests that are Impaired and entitled to vote under this Plan, the forms being distributed to holders of Claims and Interests to be used for showing acceptance or rejection of this Plan.

1.7 Balloting Deadline means the date and time by which all Ballots must be received.

1.8 Bankruptcy Case means the chapter 11 case of Love Grace Holdings, Inc. pending in the United States Bankruptcy Court for the Middle District of Louisiana, Case No. 17-10057.

1.9 Bankruptcy Code means Title 11 of the United States Code, as amended from time to time.

1.10 Bankruptcy Court means the United States Bankruptcy Court for the Middle District of Louisiana, or any court having jurisdiction under Title 28 of the United States Code over this case.

1.11 Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure, as amended, promulgated under 28 U.S.C. §2075 and the Local Rules of the Bankruptcy Court, as applicable from time to time.

1.12 Bar Date means any date fixed by the Bankruptcy Court, pursuant to Bankruptcy Rule 3003(c)(3), by which all Entities asserting Claims against the Debtor (other than Administrative Claims or Rejection Claims) are required to file proofs of claim or be forever barred from asserting such claims against the Debtor. The Bar Date approved by the Bankruptcy court in this case for non-governmental entities was September 15, 2017.

1.13 Business Day means any day other than a Saturday, Sunday or "legal holiday" as defined in Bankruptcy Rule 9006(a).

1.14 Buyout means the mechanism by which CVI purchases the Minority Stake, whether by the exercise of its Option or by consent of CVI and the Liquidating Trustee.

1.15 Buyout Methodology means the mathematical calculation, to be performed based on the most recent financial statements generated following the trigger for the Option or, if not through exercise of the Option, by mutual agreement of CVI or its designee and the Liquidating Trustee, as the case may be, to determine the value of the Minority Stake for purchase by CVI or its designee, specifically, a multiple of 3 times EBITDA multiplied by the percentage share held by the Liquidating Trust, and then discounted by 30% to account for the fact that the interest purchased is a non-controlling minority position in a non-publicly-traded company.

1.16 California Litigation means that certain suit pending in the United States District Court for the Eastern District of California bearing Civil Action No. 2:16-cv-01138 and styled “Joli Grace, LLC v. Country Visions, Inc.”

1.17 Cash means cash, cash equivalents, and readily marketable securities or instruments, including but not limited to, bank deposits, certified or cashiers' checks, timed certificates of deposit issued by any bank, commercial paper, and readily marketable direct obligations of the United States of America or agencies or instrumentalities thereof. Cash shall include the Cash at Closing and any cash generated from operations during the Chapter 11 Case and remaining in the Debtor in Possession bank account on the Effective Date. All Cash will be utilized to pay allowed claims in accordance with priorities established by the Bankruptcy Code.

1.18 Cash at Closing means the portion of the total consideration due by Chic Ventures, as provided by the Exit Financing, in Cash on the Closing Date in order to consummate the Joint Plan. For the avoidance of doubt, Cash at Closing does not include Cash on hand from the Debtor in Possession bank account but Cash at Closing will be combined with Cash on hand in the Debtor in Possession bank account on the Closing Date to pay the Plan Obligations.

1.19 Causes of Action means all actions, causes of action, suits, accounts, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment, and claims, whether known or unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, other than those causes of action included within the definition of Avoidance Actions.

1.20 Chapter 11 Professionals means the professionals retained by the Debtor and the Committee, wherever they are referred to collectively in the Joint Plan, the retention of which has been approved by the Bankruptcy Court, and any other professionals that are authorized to be compensated from the Estate by Final Order of the Bankruptcy Court.

1.21 Chic Ventures means Chic Ventures V, LLC, a California limited liability company formed to emerge as the operating entity upon confirmation of the Joint Plan.

1.22 Claim means any right to (i) payment from the Debtor, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (ii) an equitable remedy for breach of performance if such breach causes a right to payment from the Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured. When used with respect to any litigation, the term "Claim" will also include any claim that has been or could be asserted in such litigation. Notwithstanding anything to the contrary set forth in this Joint Plan, for purposes of this Joint Plan, the term "Claim" will have the broadest possible meaning permitted by applicable law.

1.23 Claimant means the holder of any Claim.

1.24 Class means all of the holders of Claims against or Interests with respect to the Debtor that have been designated as a class in this Plan.

1.25 Closing or Closing Date means the date upon which the Transaction Documents are executed to consummate the Joint Plan.

1.26 Committee means the Official Committee of Unsecured Creditors.

1.27 Confirmation Date means the date on which the Confirmation Order will be entered on the docket maintained by the Clerk of the Bankruptcy Court confirming the Joint Plan.

1.28 Confirmation Hearing means the date or dates on which the Bankruptcy Court conducts a hearing on confirmation of this Joint Plan.

1.29 Confirmation Order means the Order of the Bankruptcy Court confirming this Joint Plan, which among other things, will authorize the consummation of the Equity Interest Acquisition.

1.30 Contingent Claim means any claim that has not matured and is dependent upon an event that has not occurred or may never occur.

1.31 CVI means Country Visions, Inc.

1.32 Date of Allowance means the date that an order allowing a Claim, to which an objection has been filed, or which has been scheduled as disputed or contingent or unliquidated or is otherwise Disputed, has become final and non-appealable.

1.33 Debt Conversion means the mechanism by which CVI, together with all other allowed unsecured creditors who either fail to vote or who decide not to make the affirmative election for Debt Treatment, has its Class 2 Claim converted into equity ownership of Chic Ventures. With respect to CVI, it may designate another entity to hold its share of Chic Ventures.

1.34 Debt Conversion and Equity Agreement means the document designed to address conversion of unsecured debt into equity in Chic Ventures by CVI and all other allowed Class 2 Claimants not affirmatively making the Debt Treatment election.

1.35 Debtor means Love Grace Holdings, LLC.

1.36 Debt Treatment means the election made by allowed Class 2 Claimants, other than CVI, to receive repayment via a Pro Rata share of a promissory note from Chic Ventures rather than a Pro Rata share of the Minority Stake.

1.37 Deficiency Claim means the unsecured portion of the Allowed Claim of a Secured Creditor; provided however, that if the holder of a Secured Claim or the class of which such Claim is a member makes the election provided in section 1111(b)(2) of the Bankruptcy Code, there shall be no Deficiency Claim in respect of such Claim.

1.38 DIP Lender means Arthur Lancaster, Jr.

1.39 DIP Loan means the loan approved by the Bankruptcy Court up to $300,000, of which upon belief $200,000 has been advanced to date, made by Arthur Lancaster, the owner of the Debtor and secured by post-petition inventory and Cash.

1.40 Disallowed Claim means a Claim, or any portion thereof, (i) that has been disallowed by Final Order, (ii) proof of which has been untimely Filed and as to which no Order of allowance has been entered by the Bankruptcy Court, or (iii) listed as disputed, contingent or unliquidated and as to which no proof of claim or proof of interest has been timely Filed.

1.41 Disclosure Statement means the Joint Disclosure Statement approved by the Bankruptcy Court, as modified or amended by the Proponents, filed in connection with this Joint Plan. For avoidance of doubt, Disclosure Statement does not refer to any disclosure statement filed by the Debtor.

1.42 Disputed or Disputed Claim means with respect to Claims, any Claim that is not Allowed.

1.43 Distributions means distributions to the various classes of Claims as provided in this Joint Plan.

1.44 Effective Date means the date after the entry of the Confirmation Order confirming this Joint Plan when the conditions to the effectiveness of the Joint Plan, specifically those set forth in Section 11.2 of the Joint Plan, have been satisfied or waived.

1.45 Entity means any person, individual, corporation, limited or general partnership, limited liability company, joint venture, association, joint stock company, estate, entity, trust, trustee, United States Trustee, unincorporated organization, government, governmental unit (as defined in the Bankruptcy Code), agency or political subdivision thereof.

1.46 Equity Interests means the ownership of Chic Ventures upon the Effective Date of the Joint Plan. To avoid doubt, this term does not refer or apply to ownership and control of the Debtor.

1.47 Estate means all property and property rights of the Debtor under the Bankruptcy Code and bankruptcy laws.

1.48 Exit Financing means the commitment by CVI to provide loans to Chic Ventures in the form of a combination of Cash and line of credit availability, in an aggregate amount of up to $1,000,000, to satisfy the Plan Obligations and fund Chic Ventures' debt structure and operations going forward The terms and conditions of the Exit Financing, and more specifically Chic Ventures' obligations to repay the loans, shall be more specifically set forth in the Exit Financing Facility Agreement.

1.49 Exit Financing Facility Agreement means that document to be executed by and between Chic Ventures and CVI establishing the terms and conditions of the Exit Financing, including the fixed notes designed to account for Plan Obligations and the line of credit facility, together with the obligations to repay same.

1.50 Filed means filed with the Bankruptcy Court.

1.51 Filing Date means January 20, 2017, the date the bankruptcy was commenced as a voluntary petition by the Debtor.

1.52 Final Order means an order, ruling or judgment of the Bankruptcy Court or other court of competent jurisdiction that may hear appeals from the Bankruptcy Court (i) which is not stayed, (ii) the time to appeal or to seek review having expired without a pending appeal, motion for rehearing, petition for certiorari or application for review having been filed, and (iii) which is in full force and effect.

1.53 General Unsecured Claim means any Claim against the Debtor, excluding Administrative Claims, Priority Claims, the Class 1 Secured Claim of Home Bank, and the Class 3 Claim.

1.54 Home Bank means Home Bank, National Association.

1.55 Impaired means any Claim or Interest impaired within the meaning of Section 1124 of the Bankruptcy Code.

1.56 Joint Plan means the plan filed by the Committee and CVI, as may be amended and supplemented.

1.57 Interest or Interests means stock ownership in the Debtor. This term may be used interchangeably with Old Equity Interests.

1.58 Lien means all valid and enforceable liens, security interests, claims and encumbrances against any property of the Estate that are permitted by, or not avoided pursuant to, the Bankruptcy Code.

1.59 Liquidating Trustee means the person appointed to administer the Class 2 portion of the Equity Interests in Chic Ventures not held by CVI (i.e., the Minority Stake) and the collection and disbursements associated with the note in favor of Class 2 Claimants who affirmatively elect Debt Treatment, as well as to object to claims, dismiss the main action in the Louisiana Litigation and, if applicable, prosecute and administer any recoveries on Avoidance Actions realized by the Liquidating Trust. The Liquidating Trustee shall be Dwayne M. Murray.

1.60 Liquidating Trust Agreement means the agreement by which the Liquidating Trust is established and the Liquidating Trustee is appointed.

1.61 Liquidating Trust means the trust established by Article IX of this Joint Plan.

1.62 Louisiana Litigation means that declaratory judgment action filed by the Debtor against CVI prior to the Filing Date in the United States District Court for the Middle District of Louisiana bearing CA Number 3:16-cv-00415, which is styled "Love Grace Holdings, Inc. v. Country Visions, Inc."

1.63 Member Distributions means any distributions made by Chic Ventures to CVI, or its designee, on the one hand and the Liquidating Trustee, for the benefit of all other Class 2 claims who have not affirmatively elected Debt Treatment, on the other as related to profits of Chic Ventures. For avoidance of doubt, any Avoidance Action recoveries distributed to Class 2 by the Liquidating Trustee are not Member Distributions.

1.64 Minority Stake means the aggregate Equity Interests held by Class 2 claimants, other than CVI or its designee, who do not affirmatively elect Debt Treatment.

1.65 Old Equity Interests means stock ownership in the Debtor.

1.66 Option means the contractual right in favor of CVI or its designee, at its sole option, to purchase the Minority Stake. The Option shall be triggered at such time as the Minority Stake receives Member Distributions equal to or exceeding $1.5 million.

1.67 Order means an order or judgment of the Bankruptcy Court.

1.68 Padial means Carlos Padial, Jr..

1.69 Penalty Claims means all Claims under Section 726(a)(4) of the Bankruptcy Code, whether secured or unsecured, for any fine, penalty, or forfeiture, or for multiple, exemplary, or punitive damages, arising before the earlier of the order for relief or the appointment of the Trustee, to the extent that such fine, penalty, forfeiture, or damages are not compensation for actual pecuniary loss suffered by the holder of such Claim, to the extent they become Allowed Claims.

1.70 Plan means this Joint Plan dated October 10, 2017, as it may be amended or modified from time to time as permitted herein or in accordance with section 1127 of the Bankruptcy Code.

1.71 Plan Obligations means all obligations, both monetary and non-monetary in nature, owed by Chic Ventures under the Joint Plan.

1.72 Post-Petition means that time period commencing after the Order for Relief (i.e., January 20, 2017), until the occurrence of the Effective Date.

1.73 Post-Petition Inventory Lender means Padial, who by court order, was granted a post-petition security interest in and a super-priority administrative expense claim against the Debtor's inventory.

1.74 Pre-Petition means any time prior to January 20, 2017.

1.75 Priority Non-Tax Claim means any Claim, or portion thereof, to the extent it is Allowed, which is entitled to priority pursuant to Sections 507(a)(1) through Section 507(a)(9) of the Bankruptcy Code except an Administrative Claim or a Priority Tax Claim.

1.76 Priority Tax Claim means any Claim, or portion thereof, entitled to priority pursuant to 11 U.S.C. §507(a)(8) of the Bankruptcy Code.

1.77 Professional Fees and Expenses means the interim and/or final fees and expenses of Chapter 11 Professionals approved by Order.

1.78 Proponents means the Committee and CVI as proponents of the Joint Plan.

1.79 Pro Rata Share or Pro Rata means a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a class to the amount of such Allowed Claim is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims in such class to the amount of all Allowed Claims in such class, or if the context so requires, to the amount of all Allowed Claims in a designated portion of such class.

1.80 Rejection Claim means any Claim arising out of the rejection of a lease or executory contract pursuant to Section 365 of the Bankruptcy Code.

1.81 Secured Claims means those claims against the Debtor that are secured, in whole or in part, by collateral within the meaning of section 506(a)(1) of the Bankruptcy Code.

1.82 Substantial Contribution Claim means the amount of $100,000, as set forth in the Exit Financing Facility Agreement as an obligation to be repaid by Chic Ventures and more specifically, the fixed loan, representing the agreed-upon value of CVI's contribution to the Bankruptcy Case. This Substantial Contribution Claim is measured by a compromised portion of the attorneys' fees and expenses CVI has incurred or will incur related solely to the Bankruptcy Case and obtaining confirmation of the Joint Plan in the amount of $75,000 plus the $25,000 to be advanced by CVI to Chic Ventures to initially fund the Liquidating Trust.

1.83 Transaction Documents means all contracts, notes, agreements and related documents necessary to consummate the Debt Conversion and Equity Agreement, the Debt Treatment, the Exit Financing Facility, the Liquidating Trust Agreement and any other document deemed necessary to implement/consummate the Joint Plan.

1.84 Units means the term sometimes used in the Joint Plan to ascribe proportionate value of the Equity Interests both before and after Class 2 Claimants are presented with the opportunity to elect Debt Treatment.

I.
INTRODUCTION

This bankruptcy case commenced as a voluntary petition filed on January 20, 2017 under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101, *et seq.* with the United States Bankruptcy Court for the Middle District of Louisiana. At all times since the petition date, the Debtor has continued to operate its business as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. On or about February 6, 2017, the United States Trustee appointed an Official Unsecured Creditors' Committee ("Committee").

The Debtor filed a plan and disclosure statement on August 18, 2017. Viewing the plan as unacceptable on multiple fronts, the Committee moved for an order terminating exclusivity so that an alternative, creditor-sponsored plan could be evaluated, negotiated and ultimately filed. By order dated September 14, 2017 (P-274), exclusivity was terminated. The Committee and Country Visions, Inc. ("CVI") concurrently file herewith their Joint Plan. The Committee and CVI submit this Joint Disclosure Statement under Section 1125 of the Bankruptcy Code with respect to the Joint Plan in connection with the solicitation of votes to accept or reject the Joint Plan. A copy of the Joint Plan is attached hereto as Exhibit "A." Capitalized terms used herein, if not defined herein, have the defined meanings as set forth in the Joint Plan.

II.
NOTICE TO HOLDERS OF CLAIMS

The purpose of this Joint Disclosure Statement is to enable you, as the holder of a Claim against the Debtor, to make an informed decision with respect to voting on acceptance or rejection of the Joint Plan.

All persons receiving this Joint Disclosure Statement and the Joint Plan attached hereto are urged to review fully the provisions of the Joint Plan and all other exhibits attached hereto, in

addition to reviewing the text of this Joint Disclosure Statement. This Joint Disclosure Statement is not intended to replace careful review and analysis of the Joint Plan. Rather, it is submitted as an aid in your review of the Joint Plan and in an effort to explain the terms and implications of the Joint Plan. Every effort has been made to explain fully the various aspects of the Joint Plan as it affects all holders of Claims and Old Equity Interests. However, to the extent any questions arise, the Proponents urge you to seek independent legal advice.

On _____, 2017, after notice and hearing, the Bankruptcy Court entered an order approving this Joint Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable holders of Claims and Interests against the Debtor, whose votes on the Joint Plan are being solicited, to make an informed judgment whether to accept or reject the Joint Plan.

You should read this Joint Disclosure Statement in its entirety prior to voting on the Joint Plan. No solicitation of votes on the Joint Plan may be made except pursuant to this Joint Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to utilize any information concerning the Debtor or its business other than the information contained in this Joint Disclosure Statement or in other information approved for dissemination to holders of Claims or Equity Interests by the Bankruptcy Court. You should not rely on any information relating to the Debtor and its business, other than that contained in this Joint Disclosure Statement, the Joint Plan and any exhibits attached thereto, except as otherwise approved by the Bankruptcy Court.

SECTION 1125(b) OF THE BANKRUPTCY CODE PROHIBITS SOLICITATION OF AN ACCEPTANCE OR REJECTION OF A CHAPTER 11 PLAN UNLESS A COPY OF THE CHAPTER 11 PLAN OR A SUMMARY THEREOF IS ACCOMPANIED OR

PRECEDED BY A COPY OF A DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT.

THE DESCRIPTION HEREIN OF THE JOINT PLAN IS A SUMMARY ONLY AND HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE URGED TO REVIEW THE ENTIRE JOINT PLAN WHICH IS ATTACHED AS EXHIBIT "A" HERETO. IN THE EVENT THAT ANY INCONSISTENCY OR CONFLICT EXISTS BETWEEN THIS JOINT DISCLOSURE STATEMENT AND THE JOINT PLAN, THE TERMS OF THE JOINT PLAN SHALL CONTROL.

EXCEPT AS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT AND ANY EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTOR, ITS ASSETS, PAST OR FUTURE BUSINESS OPERATIONS, OR THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN OTHER THAN AS CONTAINED IN THIS JOINT DISCLOSURE STATEMENT SHOULD BE REPORTED TO COUNSEL FOR THE DEBTOR.

THIS IS A CREDITOR-SPONSORED JOINT PLAN. THE PROPONENTS ARE UNAWARE OF ANY RECENT INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION AND PROJECTIONS CONTAINED IN THIS JOINT DISCLOSURE STATEMENT (UNLESS OTHERWISE INDICATED) AND NO FAIRNESS OPINION HAS BEEN OBTAINED REGARDING THE VALUE OF THE ASSETS AND THE AMOUNT OF THE LIABILITIES. THE FACTUAL INFORMATION REGARDING THE DEBTOR, ITS RECENT OPERATING PERFORMANCE AND ITS ASSETS AND LIABILITIES HAS BEEN DERIVED FROM THE DEBTOR'S SCHEDULES, AVAILABLE PUBLIC RECORDS, PLEADINGS AND REPORTS ON FILE WITH THE BANKRUPTCY COURT, THE DEBTOR'S INTERNAL DOCUMENTS, TO THE EXTENT MADE AVAILABLE TO THE COMMITTEE, AND RELATED DOCUMENTS SPECIFICALLY IDENTIFIED HEREIN. WHILE EVERY EFFORT HAS BEEN MADE BY THE PROPONENTS TO PROVIDE ACCURATE INFORMATION HEREIN, THE PROPONENTS AND THEIR ADVISORS, CANNOT AND DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS JOINT DISCLOSURE STATEMENT IS WITHOUT ANY INACCURACY.

CERTAIN STATEMENTS SET FORTH IN THIS JOINT DISCLOSURE STATEMENT, INCLUDING ANY PROJECTIONS CONTAINED HEREIN, ARE FORWARD-LOOKING IN NATURE AND SUBJECT TO RISKS AND UNCERTAINTIES THAT MAY NOT BE WITHIN THE CONTROL OF THE DEBTOR. ARTICLE XVI SETS FORTH CERTAIN RISK FACTORS TO BE CONSIDERED IN CONNECTION WITH THE PLAN AND SHOULD BE CAREFULLY READ. THE DEBTOR DOES NOT MAKE ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE ATTAINABILITY OF ANY PROJECTIONS INCLUDED WITH THIS JOINT DISCLOSURE STATEMENT.

THE APPROVAL BY THE BANKRUPTCY COURT OF THIS JOINT DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTEE OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS JOINT DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

EACH HOLDER OF AN IMPAIRED CLAIM SHOULD REVIEW THE ENTIRE PLAN AND SEEK THE ADVICE OF ITS OWN COUNSEL BEFORE CASTING A BALLOT.

After carefully reviewing this Joint Disclosure Statement and all exhibits attached hereto, the Joint Plan and any exhibits to the Joint Plan, if you have received a ballot to vote for or against the Joint Plan, please indicate your acceptance or rejection of the Joint Plan by voting in favor of or against the Joint Plan on such ballot, in accordance with the instructions thereon, and return the ballot in the enclosed return envelope so as to be actually received no later than 5:00 p.m. Central Time on _____, 2017 to P. Douglas Stewart, Jr. at Stewart, Robbins & Brown, LLC, 301 Main Street, Suite 1640, PO BOX 2348, Baton Rouge, Louisiana, 70821-2348, via mail or via hand delivery or overnight, as Balloting Agent. PLEASE NOTE THAT FACSIMILE COPIES OF THE BALLOT WILL NOT BE ACCEPTED AND THE BALLOT MUST BEAR AN ORIGINAL SIGNATURE.

ANY BALLOTS RECEIVED
AFTER 5:00 P.M. CENTRAL TIME
ON _____, 2017 WILL NOT BE COUNTED.

For further information concerning voting, see Article IV herein ("Voting Procedures and Requirements").

On _____, 2017, the Bankruptcy Court entered an order (i) fixing _____ 201__ at __:00 a.m., Central Time, United States District Court, Middle District of Louisiana, 707 Florida Street, Baton Rouge, LA 708__, as the date, time and place for a hearing on confirmation of the Joint Plan, and (ii) fixing _____ 201__, as the last date for the filing with the Bankruptcy Court and serving upon counsel for the Committee and CVI any objections to confirmation of the Joint Plan. The hearing on confirmation may be adjourned from time to time without further written notice.

III.
PLAN OVERVIEW

A. General Summary

The Joint Plan treats all Claims and Old Equity Interests fairly and equitably. In simple terms, it gives unsecured creditors, other than CVI, who have voted on the Joint Plan a viable choice, that is to be paid a meaningful recovery through debt repayment by the emerging operating company, Chic Ventures, over time or, to possibly recover more, albeit with additional risks, as a minority owner of Chic Ventures. Any Allowed Class 2 Claimant who fails to vote at all on the Joint Plan or votes on the Joint Plan but decides not to make the affirmative election for Debt Treatment will become a minority owner of Chic Ventures The Proponents believe sufficient sources of funds are available under the Joint Plan to allow for Chic Ventures to emerge and prosper. The Joint Plan also eliminates much of the significant litigation risk associated with the Debtor's plan, a risk that could substantially and negatively impact the anticipated recovery for unsecured creditors under the Debtor's plan.

The following is a brief summary of the Joint Plan's treatment of Claims against and Old Equity Interests in the Debtor. This summary is qualified in its entirety by reference to the

provisions of the entire Joint Plan. A copy of the Joint Plan is attached hereto as Exhibit "A." You are urged to read the Joint Plan in its entirety. To the extent there is any conflict between this Joint Disclosure Statement and the Joint Plan, the terms of the Joint Plan control.

B. Summary of Classification and Treatment

The Joint Plan designates four (4) Classes of Claims and Old Equity Interests, taking into account their differing nature and priority as established under the Bankruptcy Code. The following is a summary of the Classes and the treatment of Allowed Claims and Allowed Equity Interests under the Joint Plan. The Proponents have prepared the following chart in an effort to provide holders of Claims and holders of Old Equity Interests with the Proponents' estimates of the expected outstanding amounts due and owing with respect to each Class of Claims as of the Effective Date. The calculations, percentages, and amounts set forth below are estimates which shall not affect the obligations of any party under the Joint Plan.

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
Unclassified Claims (Administrative Claims) Estimate of Claims: $500,000.00 Estimate of Claims based on satisfaction of the DIP loan made by Arthur Lancaster of $200,000, estimated attorneys' fees to be owed to counsel for the Debtor, less the $25,000 retainer being held in trust, and Creditors' Committee in the combined estimated amount of $150,000, the amount owed to the Post-Petition Inventory Lender of approximately $40,000, the	Administrative Claims will be paid (a) in Cash, in full, on the later of the Effective Date or the Date of Allowance; or (b) in such amounts and on such terms as agreed upon by the Claimant and the Proponents. Specifically, all of these claims except for the Substantial Contribution Claim will be paid Cash, in full, on the later of the Effective Date or the Date of Allowance. The Substantial Contribution Claim in favor of CVI will be a debt of the emerging entity, Chic Ventures V, LLC, and shall be memorialized in a promissory note with a fixed interest rate of 9% and a one-year term.

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
Substantial Contribution Claim of CVI of $100,000 and the approximate $61,000 due on certain post-petition rejected leases in favor of GGP. It is possible Administrative Expense Claims could be higher if the Debtor fails to satisfy the assumed lease cure obligations in the aggregate amount of approximately $225,000 by the court-mandated deadline of December 15, 2017.	
Priority Tax Claims Estimate of Claims: $475,000. This estimate includes the tax claims of several states, local municipalities and the Internal Revenue Service. Proponents derived this estimate from the Claims Register and the Debtor's Disclosure Statement. Priority Non-Tax Claims All wage claims which would be Priority Claims have been paid.	The holders of Priority Tax Claims shall be paid in full with the applicable statutory interest rate in regular installments in cash over a period ending not later than 5 years after the Filing Date of January 20, 2017. To the extent any such claims exist, which Proponents believe none do, the claims will be paid in Cash on the Effective Date.
Class 1 Secured Claim of Home Bank Estimate of Secured Claim: $500,000	With respect to Home Bank's Secured Claim, Chic Ventures will pay the fair market value of the cost of inventory retained by Chic Ventures on the Closing Date, less any such higher priority post-petition claims owed to the DIP Lender and the Post-Petition Inventory Lender on inventory and Cash. Home Bank shall further maintain its security interest in accounts, together with the fair market value of any furniture and fixtures and other assets retained

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
	for future operations at the stores. With respect to any Home Bank collateral deemed unnecessary by Chic Ventures going forward, the collateral will be surrendered to Home Bank or, alternatively, sold by the Liquidating Trustee in the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code with the consent of Home Bank. Home Bank shall retain any rights it has against personal guarantors and any Deficiency Claim it ultimately has against the Debtor shall be treated in Class 2.
Class 2. Claims of Unsecured Creditors Estimate of Claims: $16,000,000.	Holders of Class 2 Unsecured Claims, other than CVI, who actually vote on the Joint Plan shall have an election to make between (a) receiving a Pro Rata share of a promissory note not to exceed $1,500,000 to be executed by Chic Ventures or (b) having its allowed claim exchanged for an equity interest in Chic Ventures. CVI's claim of approximately $11 million will be exchanged, albeit under the Joint Plan only, such that it, or its designee, receives no less than 65% of the Equity Interests in Chic Ventures. The remainder of allowed Class 2 Claimants who have either not voted or voted but decided not to affirmatively elect to take a Pro Rata share of the promissory note shall be entitled to a Pro Rata share in the Minority Stake of Chic Ventures, in the aggregate not to exceed 35%. That percentage shall be reduced by any Class 2 Claimants who affirmatively elect Debt Treatment. Under the Debt Conversion alternative, Class 2 Claimants shall receive Pro Rata Member Distributions semi-annually from Chic Ventures and further, shall be entitled to a Pro Rata share of any proceeds derived by the Liquidating Trust from either the exercise of CVI's Option to purchase the Minority Stake or pursuant to a consensual arrangement between CVI and the Liquidating Trustee, as the case may be. Finally, all holders of Class 2 Claims, including CVI, shall be entitled to a Pro Rata payment of any net recoveries made by the Liquidating Trustee on any Avoidance Actions. By compromise, CVI shall be entitled to 65% and all other allowed Class 2 Claims will share Pro Rata 35% of such net recoveries, if any, regardless of affirmative

CLASSES OF CLAIMS AND EQUITY INTERESTS	TREATMENT OF CLASSES
	election or voting on the Joint Plan. Payments received by Class 2 Claimants on Avoidance Action recoveries made by the Liquidating Trustee, if any, shall not impact in any way Pro Rata rights or percentages under the Debt Treatment or Debt Conversion alternatives. Instead, any such recoveries will be in the nature of a bonus recovery. Class 2 is Impaired.
Class 3. Subordinated Insider Claims Estimate of Claims: $0-775,000.00	Class 3 Subordinated Insider Claims will receive nothing. Class 3 may not ultimately have any members. However, based on the 2004 examinations of Arthur Lancaster and Robert Johnston, the claim of insider Arthur Lancaster could be viewed as more appropriately treated as equity or capital contributions under applicable Delaware law. The validity of the Class 3 Claim may be challenged by the Liquidating Trustee. If, in the course of such a challenge, the Class 3 Claim is determined to be Allowed with the same ranking as other unsecured creditors, the holder of the Class 3 Claim shall be treated as a Class 2 Claim, and therefore, if voting on the Joint Plan, may also make the affirmative election for Debt Treatment. Class 3 is Impaired.
Class 4. Old Equity Interests Estimate of Value: $0	The Old Equity Interests in the Debtor will be extinguished upon confirmation of the Joint Plan and will receive nothing on account of these interests. Class 4 is Impaired and is deemed to reject the Joint Plan. The vote of Class 4 will not be solicited. .

IV.

VOTING PROCEDURES AND REQUIREMENTS

C. Ballots and Voting Deadline

ONLY HOLDERS OF IMPAIRED CLAIMS IN CLASSES UNDER THE PLAN ARE BEING SOLICITED TO VOTE TO ACCEPT OR REJECT THE PLAN.

The holders of Old Equity Interests will receive no distributions under the Joint Plan, and are thus deemed to reject the Joint Plan. They will not be solicited to vote to accept or reject the Joint Plan.

A ballot to be used for voting to accept or reject the Joint Plan is enclosed with this Joint Disclosure Statement for those entitled to vote. The holder of a Claim that is entitled to vote must: (i) carefully review the ballot and the instructions thereon, (ii) complete and execute the ballot, and (iii) return the ballot to the address indicated thereon by the deadline to enable the ballot to be considered for voting purposes. Any ballot received by the Balloting Agent that does not reflect a vote for either the acceptance or rejection of the Joint Plan will be deemed a vote for acceptance of the Joint Plan.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, ballots for the acceptance or rejection of the Joint Plan must be received no later than 5:00 p.m. Central Standard Time, on _____, 2017, at the following address:

P. Douglas Stewart, Jr.
Stewart, Robbins & Brown, LLC
301 Main Street, Suite 1640
PO BOX 2348
Baton Rouge, LA 70821-2348

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ABOVE ADDRESS NO LATER THAN 5:00 P.M., CENTRAL STANDARD TIME, ON _____, 201__

NOTE: FAXED BALLOTS OR BALLOTS WITHOUT AN ORIGINAL SIGNATURE WILL NOT BE COUNTED.

D. Holders of Claims Solicited to Vote

Any holder whose Claim is within a Class impaired under the Joint Plan and who is eligible (upon allowance of such Claim) to receive distributions under the Joint Plan is being solicited to vote to accept or reject the Joint Plan if either (i) its Claim has been scheduled by the Debtor, but such Claim is not scheduled by the Debtor as disputed, contingent or liquidated, or (ii) such holder has filed a proof of claim (a) on or before the September 15, 2017, for holders that are individuals or non-governmental entities, or on or before September 15, 2017, for holders that are governmental units, or (b) after the bar date with leave of the Bankruptcy Court pursuant to a Final Order, and as to which no timely objection has been filed, or if a timely objection has been filed, to the extent which such Claim is Allowed by a Final Order of the Bankruptcy Court or temporarily Allowed for purposes of voting only. As of the filing of this Joint Disclosure Statement, the Debtor and the Committee are both continuing to review Claims to assess their validity and may identify objectionable Claims and file objections thereto.

Any Claim as to which an objection has been filed (and such objection is still pending on the voting date) is not entitled to have its vote counted unless the Bankruptcy Court temporarily allows the Claim for voting purposes in an amount which the Bankruptcy Court deems proper upon motion by the holder of such Claim. Such a motion must be heard and determined by the Bankruptcy Court prior to the date and time established by the Bankruptcy Court for commencement of the Confirmation Hearing. In addition, a vote may be disregarded if the

Bankruptcy Court determines that such vote was not solicited or procured in good faith, in accordance with the provisions of the Bankruptcy Code.

E. Definition of Impairment

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to each claim or interest of such class, the Joint Plan:

1. leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or

2. notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to receive accelerated payment of such claim or interest after the occurrence of a default:

   (a) cures any such default that occurred before or after the commencement of the case under the Bankruptcy Code, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code;

   (b) reinstates the maturity of such claim or interest as it existed before the default;

   (c) compensates the holder of such claim or interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

   (d) does not otherwise alter the legal, equitable, or contractual rights to which such claim or equity interest entitles the holder of such claim or interest.

F. No Solicitation of Equity Interests

Upon information and belief, Arthur Lancaster, Jr. owns 100% of the stock in the Debtor. The holder of the Old Equity Interests is deemed to reject the Joint Plan and that vote will not be solicited, although Mr. Lancaster will receive notice of the Confirmation Hearing. The Proponents intend to seek to confirm the Joint Plan by cram down as to the holder of Old Equity Interests.

G. Vote Required for Class Acceptance

As a condition of confirmation, the Bankruptcy Code requires acceptance of a plan of reorganization by all impaired classes (except as discussed below). The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of two-thirds in dollar amount and one-half in number of the claims of that class which actually cast ballots for acceptance or rejection of the plan, i.e., acceptance takes place only if two-thirds in amount and majority in number of the holders of claims in a given class actually voting cast their ballots in favor of acceptance. Notwithstanding the requirement of class acceptance, a plan may be confirmed even if one or more impaired classes does not accept the plan if at least one impaired class of non-insider claims has accepted the plan and the Court determines that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class that is impaired and has not accepted the plan.

If the Joint Plan is confirmed, all holders of Claims against and Old Equity Interests in the Debtor, whether voting or non-voting and, if voting, whether accepting or rejecting the Joint Plan, will be bound by the terms of the Joint Plan.

V.

CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Joint Plan:

A. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing to determine whether all requirements for confirmation of the Joint Plan have been satisfied. The Bankruptcy Court has scheduled the Confirmation Hearing to commence on _____ 2017, at __:__ a.m., Central Time, at the United States Bankruptcy Court,

United States District Court, Middle District of Louisiana, 707 Florida Street, Room 222, Baton Rouge, LA 708010 (the "Confirmation Hearing"). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement made at the Confirmation Hearing or any adjournment thereof.

ANY ANNOUNCEMENT OF ADJOURNMENT OF THE DATE AND TIME OF THE CONFIRMATION HEARING MADE IN COURT SHALL BE THE ONLY NOTICE PROVIDED TO HOLDERS OF CLAIMS AND EQUITY INTERESTS, UNLESS THE BANKRUPTCY COURT ORDERS OTHERWISE.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Joint Plan. Any objection to confirmation must be made in writing and filed with the Bankruptcy Court with proof of service and served upon the Committee's counsel and CVI's counsel on or before _____, 2017.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED UPON THE PROPONENTS' COUNSEL AND FILED WITH THE BANKRUPTCY COURT, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. Requirements for Confirmation of the Joint Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the confirmation requirements of Section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court shall enter an order confirming the Joint Plan. The applicable requirements for confirmation are as follows:

1. The Joint Plan complies with the applicable provisions of the Bankruptcy Code.

2. The Proponents have complied with the applicable provisions of the Bankruptcy Code.

3. The Joint Plan has been proposed in good faith and not by any means forbidden by law.

4. Any payment made or promised by the Proponents, or by a person acquiring property under the Joint Plan, for services or for costs and expenses in or in connection with the Chapter 11 Case, or in connection with the Joint Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before the confirmation of the Joint Plan is reasonable, or if such payment is to be fixed after confirmation of the Joint Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

5. The Proponents have disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Joint Plan, as a director, officer, or voting trustee of Chic Ventures V, LLC, and the Proponents have disclosed the identity of any insider that will be employed or retained by Chic Ventures, LLC, and the nature of any compensation for such insider.

6. With respect to each Class of impaired Claims or Old Equity Interests, either each holder of a Claim or Old Equity Interest of such class has accepted the Joint Plan, or will receive or retain under the Joint Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Joint Plan, that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated on such date under Chapter 7 of the Bankruptcy Code; or if Section 1111(b)(2) of the Bankruptcy Code applies to the Claims of such Class, each holder of a Claim will receive or retain under the Joint Plan on account of such Claim property of a value, as of the Effective Date of the Joint Plan, that is not less than the value of such holder's interest in the Debtor's estate's interest in the property that secures such Claims.

7. Each Class of Claims or Old Equity Interests has either accepted the Joint Plan or is not impaired under the Joint Plan, except as set forth in Section V.C., below.

8. Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Joint Plan provides that Allowed Administrative Claims and Allowed Non-Tax Priority Claims will be paid in full on the Effective Date. With respect to Priority Tax Claims, such holders of Allowed Priority Tax Claims will receive cash installments of principal and interest over a term not to exceed five years from the Filing Date of January 20, 2017.

9. At least one Class of impaired Claims has accepted the Joint Plan, determined without including any acceptance of the Joint Plan by any insider holding a Claim of such Class.

10. Confirmation of the Joint 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 Joint Plan, unless such liquidation or reorganization is proposed in the Joint Plan.

11. The Joint Plan must provide that the quarterly fees required under 28 U.S.C. §1930 have been paid or that they will be paid on the Effective Date of the Joint Plan.

The Proponents believe that the Joint Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all of the requirements of Chapter 11, and that the proposal of the Joint Plan is made in good faith. To the extent that any Class votes to reject the Joint Plan, the Proponents intend to seek confirmation of the Joint Plan under the "cram down" provisions of the Bankruptcy Code discussed below.

C. Cram Down

Generally, under the Bankruptcy Code, a plan of reorganization must be approved by each impaired class of creditors. A Bankruptcy Court, however, may confirm a plan that has not been approved by each impaired class if at least one impaired class accepts the plan by the requisite vote and the Bankruptcy Court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to each class that is impaired and has not accepted the plan. A plan of reorganization does not discriminate unfairly within the meaning of the Bankruptcy Code if each dissenting class is treated equally with other classes of equal rank. "Fair and equitable" has different meanings with respect to the treatment of secured claims, unsecured claims and equity interests.

As set forth in Section 1129(b)(2) of the Bankruptcy Code, the condition that a plan of reorganization be fair and equitable with respect to a class includes the following requirements.

With respect to an unsecured claim, "fair and equitable" means either, (i) each impaired unsecured creditor receives or retains property of a value equal to the amount of its allowed claim, or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

With respect to equity interests, "fair and equitable" means either (i) each impaired equity interest receives or retains on account of such interest property of a value equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; and (ii) the holder of any interest that is junior to the interest of such class will not receive under the plan any property on account of such junior interest.

This is often referred to as the "absolute priority rule." The Proponents believe that the Joint Plan does not violate the absolute priority rule. Indeed, Old Equity Interests are to be terminated and canceled under the Joint Plan.

In the event one or more Classes of impaired Claims rejects the Joint Plan, the Proponents reserve the right to proceed with confirmation pursuant to Section 1129(b) of the Bankruptcy Code, and the Bankruptcy Court will determine at the Confirmation Hearing whether the Joint Plan is fair and equitable and does not discriminate unfairly against any rejecting impaired Class of Claims.

VI.
GENERAL INFORMATION REGARDING DEBTOR

A. Description of Business Historically

1. General Overview of the Debtor

Debtor is currently engaged in the operation of twelve retail women's clothing stores in multiple states under the name Blu Spero. Debtor is a Delaware corporation with its principal place of business in Baton Rouge, Louisiana. The debtor in possession representative is Arthur Lancaster, Jr. Mr. Lancaster has personally guaranteed the debts owed to Home Bank as well to

a certain degree, the lease obligations assumed on the twelve stores and perhaps some if not all of the leases rejected early on in this Bankruptcy Case.

Prior to the Debtor's bankruptcy, ten of the twelve stores still open today were operated under the name Apricot Lane by Joli Grace, LLC ("Joli Grace"), for which CVI was the franchisor and Joli Grace the named franchisee. CVI has alleged in litigation (See Exhibit B hereto) that Joli Grace, with the assistance of Mr. and Mrs. Lancaster and the Debtor, breached contractual obligations thereunder. Specifically, without the knowledge or consent of CVI, the Debtor purchased all of the operating assets of Joli Grace, an entity CVI has alleged was controlled by Mr. Lancaster and his wife Stacie, and assumed all of the liabilities of Joli Grace with one material and notable exception - all franchise obligations owed by Joli Grace to CVI were not assumed. These obligations are substantial in scope and were left behind in Joli Grace, a company no longer with any value.[1]

Among other problems, the transaction ignored the contractual rights of CVI, pursuant to among other provisions, Section 21 of the Franchise Agreement, regarding rights of first refusal and its collateral assignment of leases, to take over the leases upon breach of the franchise agreements. This transaction, which CVI claims was orchestrated by Mr. Lancaster, is at the heart of litigation pending in both Louisiana and California involving CVI, the Debtor (only in the Louisiana Litigation), Joli Grace and the Lancasters' individually. The Committee's Summary Analysis of Franchise Dispute, as supplemented by CVI, is attached hereto as Exhibit B. No court has ruled on any of these claims, allegations or disputes.

[1] Joli Grace did retain a heavily-encumbered Porsche vehicle.

2. Pre-Petition Debt

The unsecured claims consists largely of CVI's damage claim, debts owed to landlords based on the Debtor's shuttering of 13 stores, ordinary course vendors and certain individuals who purportedly helped the Debtor buy inventory from time to time, especially after Home Bank stopped financing the Debtor's operations prior to the Filing Date. Debtor claims in its Disclosure Statement as of August 18, 2017 that CVI has no claim and that the total is less than $4 million in total debt, including tax claims and secured claims on the Petition Date. However, the claims register and schedules reflect that unsecured claims alone may exceed $15 million. Even without consideration of CVI's claim, unsecured claims, either timely filed or listed by the Debtor as "undisputed" total almost $4.5 million. Priority tax claims filed thus far total about $575,000, or roughly $275,000 more than the estimate contained in the Debtor's disclosure statement as of August 18, 2017. Home Bank has filed a secured claim of roughly $1.7 million. The Debtor seeks to treat a friend of his, Carlos Padial, Jr., as the holder of a $180,000 pre-petition secured claim but the Debtor's own records, filed under penalty of perjury, reflect that Mr. Padial has been paid in full on that claim.

B. Valuation of the Debtor's Assets and Enterprise Value

It is difficult to determine the value of the assets of the Debtor. Based on the Debtor's six month performance since the bankruptcy was filed (February 2017 through July 2017) the Debtor has represented in a Profit and Loss statement that the twelve stores generated approximately $1 million in net income. However, it is important to note that the Debtor has not been servicing its secured debt to Home Bank, paying pre-petition tax claims or paying anything thus far to post-petition professionals since the Filing Date.

Proponents believe that a liquidation of the assets of this Estate would not provide a dividend for unsecured creditors. Indeed, the Debtor conceded in its disclosure statement as of August 18, 2017 that Home Bank's non-inventory collateral would be virtually worthless if sold at a fire sale. In the Debtor's disclosure statement, the value of the inventory is placed at $530,000, a number, at least on paper, sufficient to satisfy the post-petition super-priority claims of the DIP Lender (at least $200,000) and the Post-Petition Inventory Lender (currently $18,000) and only a fraction of Home Bank's $1.7 million claim. Moreover, liquidation would mean additional priming administrative expenses incurred by the chapter 7 trustee and the Priority Tax Claims would also have to be satisfied before unsecured creditors get paid anything.

The Joint Plan distributes the potential future value of these operating stores to the holders of Class 1 and Class 2. Pursuant to the Joint Plan and in exchange for CVI's dismissal of litigation against the Debtor, a financial commitment of $1 million and the orderly satisfaction of its $11 million claim, CVI will receive at least 65% of the Equity Interests in the emerging company Chic Ventures. Home Bank will maintain its security interest in the assets transferred to Chic Ventures, with the ultimate amount of that secured claim dependent upon either an agreement between CVI and Home Bank or pursuant to testimony adduced on valuation at the confirmation hearing of the Joint Plan.

Confirmation of the Joint Plan herein will also constitute approval of an important settlement regarding litigation pending in the Middle District of Louisiana over whether the Debtor and a related entity, Joli Grace, are in fact one and the same from the perspective of assets and liabilities, as well as the extent to which the Debtor should be enjoined from operating at all. This litigation result certainty is only available under the Joint Plan.

VII.
THE DEBTOR'S CHAPTER 11 CASE

A. Factors Precipitating Commencement of the Chapter 11 Cases

According to testimony by Mr.Lancaster at his 2004 examination, the Debtor may have grown too fast and did not have time or the money to allow all 25 stores to be "seasoned." The Debtor shuttered 13 stores in or around the time of the Filing Date. The insiders of the Debtor were also embroiled in litigation with CVI, both in California and Louisiana. Upon information and belief, the loss of its primary financing source, Home Bank, also contributed to the filing.

B. Chapter 11 Filing

On January 20, 2017, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor has continued to operate as debtor in possession. A Committee has been formed and has hired counsel.

C. Post-Petition Business Operations

Early on, the Debtor sought and obtained interim approval for Mr. Lancaster to loan the Debtor up to $300,000 on a DIP Loan. Upon information and belief, based on monthly operating reports, Mr. Lancaster has actually advanced $200,000. Mr. Lancaster admitted at his 2004 examination that he borrowed the money from a friend or business contact in order to loan same to the Debtor. The most recently-filed Monthly Operating Report (for July 2017) reflects Cash of roughly $135,000. The Debtor has also prepared a Profit and Loss statement for the post-petition period of February 1, 2017 through July 31, 2017, reflecting positive net income during the Bankruptcy Case. This and other financial documents supplied by the Debtor during the Bankruptcy Case are included in Exhibit E.

The Debtor also sought and obtained "first day" court authority to continue use of Mr. Padial's personal credit card to purchase inventory and the interim Court Order also granted Mr. Padial a priming post-petition security interest in inventory. The Debtor is required to pay Mr. Padial weekly and the last information available to the Committee reflects that Mr. Padial is owed approximately $18,000. Home Bank was granted replacement liens and the Debtor was required to maintain at least $400,000 in inventory at cost.

The Debtor hired Heller, Draper, Patrick, Horn & Dabney, LLC as counsel. The Committee hired Stewart, Robbins & Brown, LLC as its counsel. The first meeting of creditors was held in Baton Rouge, Louisiana.

D. Other Significant Events During the Course of the Chapter 11 Case

The Bankruptcy Court entered an Order fixing the bar date for filing both non-government pre-petition claims and governmental claims by no later than September 15, 2017.

GGP Limited Partnership ("GGP") sought an administrative expense claim associated with the rejection of six store leases, measured by the time early on in the Bankruptcy Case before the Bankruptcy Court entered an order formally rejecting the leases. By settlement approved by the court, that claim, which is entitled to administrative priority, was fixed by Court Order at approximately $61,000.

The Debtor also sought and obtained court approval to assume twelve stores leases. In order to assume or accept these leases, the Debtor is required to cure any arrearages associated with the leases. Following a hearing and certain agreements reached, the court approved a resolution which requires the Debtor to pay an aggregate and approximate $225,000 over four months, specifically from September 15, 2017 through December 15, 2017 to the various landlords. This obligation is an Administrative Expense of the Estate.

Counsel for CVI took the 2004 examinations of Arthur Lancaster, Jr., Robert Johnston, the Debtor's in-house bookkeeper, and Carlos Padial, Jr., sometimes referred to as the Post-Petition Inventory Lender.

The Debtor sought and obtained one extension of the exclusive periods within which to file and solicit acceptances. On the last day of the extended time to file a plan, August 18, 2017, the Debtor's plan and disclosure statement were filed. The Committee responded shortly thereafter by seeking and obtaining termination of exclusivity in order to possibly negotiate an alternative, creditor-sponsored plan. Following entry of the order terminating exclusivity, the Committee and CVI negotiated the terms of this Joint Plan.

The hearing on the adequacy of the Debtor's disclosures for its August 18, 2017 disclosure statement is to be heard on October 11, 2017. Three timely objections were filed by the Committee, CVI, and GGP, a landlord for six of the shuttered stores and for two of the operating stores.

VIII.

SUMMARY OF THE JOINT PLAN

A summary of the Joint Plan is set forth below. This Joint Disclosure Statement does not summarize all of the provisions of the Joint Plan. You must read the Joint Plan itself in order to understand all of the terms and conditions of the Joint Plan. The limited summary contained below is qualified in its entirety by reference to the Joint Plan, which shall be controlling for all purposes. A copy of the Joint Plan is attached hereto as Exhibit "A".

THIS JOINT DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE YOUR CAREFUL REVIEW AND ANALYSIS OF THE PLAN. RATHER, IT IS

SUBMITTED AS AN AID AND SUPPLEMENT TO YOUR REVIEW OF THE PLAN IN AN EFFORT TO FURTHER EXPLAIN THE TERMS THEREOF. EVERY EFFORT HAS BEEN MADE TO EXPLAIN THE VARIOUS ASPECTS OF THE PLAN, BUT TO THE EXTENT QUESTIONS ARISE, THE DEBTORS URGE YOU TO CONTACT YOUR LEGAL COUNSEL.

Holders of Claims should read this Joint Disclosure Statement and the Joint Plan in their entirety prior to voting on the Joint Plan. No solicitation of votes may be made, except pursuant to this Joint Disclosure Statement and Section 1125 of the Bankruptcy Code, and no person has been authorized to use any information concerning the Estate or its business to solicit acceptances or rejections of the Joint Plan, other than information in this Joint Disclosure Statement.

In broad strokes, unlike the Debtor's plan, the Joint Plan serves as a significant settlement between the Committee and CVI. This settlement, if approved, provides (a) a more certain future for creditors, including two attractive options for unsecured creditors, (b) a stable and committed financing source to fund the Plan Obligations and future operations, and (c) resolution of multi-million dollar pending litigation between the Estate and CVI that only applies if the Joint Plan is confirmed and consummated. Class 2 Claimants voting on the Joint Plan, other than CVI, will have a viable choice between being repaid by the emerging company Chic Ventures as a creditor over time or converting their claims to an equity share in Chic Ventures. Those Class 2 Claimants who do not make the affirmative election will automatically receive a Pro Rata share of the Minority Stake. Those affirmatively electing Debt Treatment will be entitled to as much as a 33% recovery, up to a maximum $1,500,000, plus 4% interest, together with any Pro Rata

share of Avoidance Action recoveries, if any, made by the Liquidating Trustee. In the event more than $4.5 million in Class 2 Claims make the affirmative election, the maximum 33% recovery shall reduce to a Pro Rata share of the $1.5 million promissory note.

The ultimate recovery for those Class 2 Claimants not affirmatively electing Debt Treatment is more difficult to estimate. But under the Debtor's projections of future earnings, projections CVI believes Chic Ventures can exceed, there is an opportunity to receive meaningful Member Distributions over time and a Pro Rata share of both a Buyout of the Minority Stake in the future and a Pro Rata share of any Avoidance Action recoveries made by the Liquidating Trustee.

IX.
TREATMENT OF CLASSES OF CLAIMS AND INTERESTS

A. UNCLASSIFIED CLAIMS.

1. Administrative Claims.

(a) Generally.

Subject to the bar date provisions herein, Chic Ventures shall pay each holder of an Allowed Administrative Claim against the Debtor on account of and in full satisfaction of such Allowed Administrative Claim, Cash equal to the amount of the Allowed Administrative Claim, on the later of: (a) the Effective Date, or (b) the date such Administrative Claim becomes an Allowed Administrative Claim, or, except to the extent that the holder of an Allowed Administrative Claim has agreed to a different treatment. Here, the only Allowed Administrative Claim voluntarily accepting treatment other than Cash on the Effective Date is CVI. Part of the settlement with the Committee includes recognition of the Substantial Contribution Claim in the agreed-upon amount of $100,000. $25,000 of that amount is

earmarked for establishment of the Liquidating Trust. The remaining balance represents a compromised and reduced amount as to CVI's legal fees paid or to be paid to its bankruptcy counsel, Taylor, Porter, Brooks & Phillips, LLP, during the Bankruptcy Case. Under the Joint Plan, the Substantial Contribution Claim will be memorialized by a separate, fixed promissory note payable to CVI over one year from the Effective Date with interest accruing at 9% per annum.

As for the remainder of these Administrative Claims, Chic Ventures will use Cash on hand in the Debtor in Possession bank account combined with sufficient funds borrowed from CVI to pay professionals, the DIP Lender, the Post-Petition Inventory Lender and the GGP rejection claim in the approximate amount of $61,000.

(b) Payment of Statutory Fees.

On or before the Effective Date, all fees payable to the United States Trustee, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid in Cash in full by CVI. To the extent there is not Cash to pay these fees, these fees will be funded by CVI as part of the Exit Financing.

(c) Bar Date For Administrative Claims.

(i) General Provisions.

Except as provided below for Chapter 11 Professionals and non-tax liabilities incurred in the ordinary course of business by the Debtor in Possession, requests for payment of Administrative Claims must be Filed no later than thirty (30) days after the Confirmation Date. Holders of Administrative Claims that are required to file a request for payment of such claims

and that do not file such requests by such bar date shall be forever barred from asserting such claims against the Estate, Chic Ventures, any other person, or any of their respective property.

Holders of Allowed Administrative Claims shall not be entitled to interest on their Administrative Claims, except the Substantial Contribution Claim, which has voluntarily agreed to take payment in installments over one year from the Effective Date.

(ii) Chapter 11 Professionals.

All professionals or other entities requesting compensation or reimbursement of expenses under sections 327, 328, 330, 331, 503(b), 506 and 1103 of the Bankruptcy Code for services rendered before the Effective Date (including any compensation requested by any professional for any other entity for making a substantial contribution in the reorganization) shall file and serve on Chic Ventures an application for final allowance of compensation and reimbursement of expenses no later than ninety (90) days after the Effective Date.

(iii) Ordinary Course Liabilities.

Holders of Administrative Claims based on liabilities incurred in the ordinary course of business of the Debtor in Possession prior to the Effective Date (other than professionals or other entities described in subparagraph (ii) above, and governmental units that hold claims for taxes or claims and/or penalties related to such taxes) shall not be required to file any request for payment of such claims. Such Administrative Claims shall be assumed and paid by Chic Ventures in the ordinary course of business under the terms and conditions of the particular transaction giving rise to such Administrative Claim, without any further action by the holders of such claims.

2. Priority Non-Tax Claims.

Each holder of an Allowed Non-Tax Priority Claim shall receive on account of and in full satisfaction of such Allowed Priority Claim Cash on the later of the Effective Date, or on such other date on which such Priority Claim becomes an Allowed Claim, in an amount equal to the amount of the Allowed Priority Claim. Upon information and belief, no such claims exist.

3. Priority Tax Claims

These claims will be paid by Chic Ventures in accordance with the Bankruptcy Code requirement that all such claims be satisfied within five years of the petition date.

B. IMPAIRED CLASSES

1. CLASS 1: SECURED CLAIM OF HOME BANK

(a) **Treatment:** The Joint Plan provides Home Bank with receipt or retention of property of a value, as of the Effective Date of the Joint Plan, that is not less than the amount that it would receive or retain under a chapter 7 liquidation. Further, Home Bank shall retain its liens securing to the extent of the allowed amount of its secured claim and deferred cash payments totaling at least the allowed amount of its secured claim. The actual dollar amount of Home Bank's Allowed Secured Claim will be determined by either (1) agreement between Home Bank and Chic Ventures or (2) by Bankruptcy Court order at confirmation of the Joint Plan. In either event, the market value of Home Bank's security interest in inventory and Cash shall necessarily be reduced by the payments necessary to satisfy the super-priority Administrative Claim and post-petition security interest in inventory and Cash in favor of the Post-Petition Inventory Lender and the DIP Lender, together with any carve-outs in favor of Professionals recognized by Court Order. At Chic Ventures' sole discretion, any additional collateral of Home Bank deemed unnecessary for future operations will be surrendered to Home Bank in partial satisfaction of its security interest and claim. In that event, Home Bank may either allow the Liquidating Trustee to sell the surrendered items or will be afforded stay relief and abandonment to foreclose on same. Chic Ventures will commence payment of the allowed Class 1 Claim beginning 30 days after the Effective Date based on a ten-year amortization schedule with interest at the rate of six percent or such rate as determined by the Bankruptcy Court under Section 11299b)(2)(A)(i)(II) of the Bankruptcy Code. There shall be no pre-payment penalty on this obligation of Chic Ventures. On the 5th anniversary of the Effective Date, Chic Ventures shall make one final payment to Home Bank of all principal and interest outstanding on the Class 1 Secured Claim. Home Bank shall retain its liens on and security interests in the assets of Chic Ventures up to the outstanding balance due on the Class 1 Secured Claim, as well as any rights it has against guarantors of the Pre-Petition debt owed to Home Bank by the Debtor.

Impairment. Class 1 Secured Claim is Impaired and shall have the right to vote to accept or reject the Joint Plan.

3.3 CLASS 2: GENERAL UNSECURED CLAIMS.

(a) **Treatment**. As described below, holders of Class 2 claims other than CVI will have a choice on treatment. The Ballot for the Joint Plan will allow those voting on the Joint Plan to also make an affirmative election in favor of Debt Treatment.

Below is a summary of the Class 2 election and alternatives, together with a description of how the Class 2 Claims will be administered:

(i) **Debt Treatment**. Upon timely and affirmative election by Allowed Class 2 Claimants to have their claims remain debt, each holder of such electing Claim shall be entitled to a Pro Rata share of payments made by Chic Ventures to the Liquidating Trustee on a promissory note. The maximum recovery under this election is 33% of the allowed Claim. However, the note will in no event result in a principal balance in excess of $1,500,000 and therefore in the event more than $4,500,000 in allowed Class 2 Claims makes the affirmative election, the 33% recovery will be reduced to a Pro Rata share of $1,500,000. The maker of the note will be Chic Ventures and will contain a fixed 4% per annum interest rate and shall be payable over 10 years with no prepayment penalty or balloon. The first payment on this note will be deferred until the first anniversary of the Effective Date. So, by way of example, if $3,000,000 in allowed Class 2 Claims votes on the Joint Plan and also make the affirmative election, the promissory note will be in the principal amount of $1,000,000. CVI is not entitled to make the election. Those Class 2 Claimants electing Debt Treatment will also be entitled to a Pro Rata share of 35% of any net recoveries made by the Liquidating Trustee on any Avoidance Actions.

(ii) Debt Conversion. The Class 2 claim of CVI in the approximate filed amount of $11 million will be compromised under the Joint Plan only and exchanged for no less than a 65% share of the Equity Interest in Chic Ventures, with CVI reserving the right to designate a different entity to hold the minimum 65% Equity Interest. For all Class 2 Claimants other than CVI who decide not to make the affirmative election for Debt Treatment, together with those Class 2 Claimants who do not vote at all, the Claims will be exchanged for a Pro Rata share of the Minority Stake. The maximum Minority Stake is 35%. The relative percentages of the

Equity Interests shall be reduced and increased proportionately depending on the outcome of the Debt Treatment election. All Class 2 Claimants, other than CVI, whose claims have been converted to Equity Interests in Chic Ventures will be entitled to share Pro Rata in 35% of any net recoveries made by the Liquidating Trustee in Avoidance Actions and CVI shall be entitled to 65%.

(iii) **Value.** The booked value of the Equity Interests is based entirely upon speculative future profits, as may be further impacted by the actual amount of allowed unsecured claims. The Proponents "best guess" is Class 2 Claims, other than CVI's, range from $4.5 million to $5.5 million. This range includes the Deficiency Claim of Home Bank and the insider claim of Arthur Lancaster, Jr. Accordingly, the Joint Plan sometimes refers to this future value in terms of Units. Prior to the election, CVI shall hold 8.9 Units and all other allowed Class 2 Claimants 4.8, for a 65/35 split. In the event the remaining portion of Equity Interests holding the Minority Stake following the election exceeds 4.8 units (i.e., $4,800,000), CVI's Units shall increase proportionately in order to maintain a minimum 65% Equity Interest.

An example, perhaps, best explains what happens to the Equity Interests following the election. If $3,000,000 in voting Class 2 Claims makes the election, the remaining Units held by the Minority Stake shall be reduced to 1.8 (4.8-3.0) and CVI's Units shall remain 8.9, resulting in an increase of CVI's Equity Interests to 83.18% and a decrease in the Minority Stake to 16.82%.

(iv) **Liquidating Trustee**. For administrative convenience and judicial economy, a Liquidating Trustee shall be appointed and tasked with all administrative functions necessary to distribute Member Distributions on account of the Minority Stake in accordance with the Debt Conversion and Equity Agreement and payments on the note with respect to those electing Debt Treatment. Further, with respect to any Avoidance Action recoveries made by the Liquidating Trustee for the benefit of Class 2 as a whole, the Liquidating Trustee will disburse the net proceeds to all Class 2 claimants on a Pro Rata basis consistent with the initial percentages prior to the election, *i.e.*, 65% for CVI and 35% for all other allowed Class 2 Claimants. Under no circumstances shall any net recoveries of Avoidance Actions be the property of Chic Ventures and recoveries made, if any, by the Liquidating Trust shall have no impact whatsoever on the Units held by those Class 2 Claimants not electing the Debt Treatment or the percentage of debt held by those electing the Debt Treatment..

Regardless of Units or percentages held following the results of the affirmative election for Debt Treatment, once the aggregate Membership Distributions to the Minority Stake have reached $1.5 million, CVI or its designee, may, at its sole

option, purchase the Minority Stake based on the Buyout Methodology. As that term is defined in the Joint Plan, CVI or its designee may elect to purchase the Minority Stake for three (3) times EBITDA (Earnings before interest, taxes, depreciation and amortization) multiplied by the actual Minority Stake percentage and then discounted by 30%. In the event CVI or its designee chooses not to exercise the Option to purchase the Minority Stake following certification of the Buyout Methodology, the Minority Stake will continue to own its proportionate share of Chic Ventures. Notwithstanding the foregoing Option procedures, nothing shall preclude CVI from reaching an agreement with the Liquidating Trustee with respect to the Buyout of the Minority Stake in Chic Ventures at any time.

If CVI purchases the Minority Stake, whether by Option or by consent between CVI and the Liquidating Trustee, Class 2 claimants other than CVI who have not made the affirmative election, shall be entitled to a Pro Rata share of the purchase price for the Minority Stake and the Liquidating Trustee will be paid that consideration for the Minority Stake in Cash within 30 days thereafter, unless the time is extended by mutual consent.

(b) **Impairment**. The Class 2 Claims are Impaired and shall have the right to vote to accept or reject the Joint Plan.

3.4 CLASS 3: SUBORDINATED CLAIMS OF INSIDERS.

(a) **Treatment.** The Debtor lists an unsecured claim for insider Arthur Lancaster, Jr. in the amount of $775,000. In the event this Claim is timely objected to and ultimately disallowed or re-characterized as equity or equitably subordinated, as the case may be, such claim shall be separately classified in Class 3 and will not receive anything under the Joint Plan. However, to the extent any claim objected to as being worthy of subordination as re-characterized equity under applicable Delaware law or equitably subordinated under Section 510 of the Bankruptcy Code, or otherwise, becomes an allowed claim and therefore not subordinated for any reason, or in the event the Liquidating Trustee decides not to object to the Insider Claim, that Allowed Claim shall be treated in Class 2. However, subject to the above rights in favor of the Liquidating Trustee, Mr. Lancaster will be afforded the opportunity to vote on the Joint Plan in both Class 3 and Class 2 and, if voting, may also make the election for Debt Treatment if he chooses

(b) **Impairment**. The Class 3 Claims, if any, are Impaired and shall have the right to vote to accept or reject the Plan.

3.6 CLASS 4: OLD EQUITY INTERESTS.

(a) **Treatment.** The Old Equity Interests will be extinguished upon confirmation of the Joint Plan and holders of Old Equity Interests will receive nothing under the Joint Plan on account of these interests.

(b) **Impairment**. The Class 4 Old Equity Interests are impaired but are presumed to vote against the Joint Plan and therefore holders of Class 4 Old Equity Interests shall not have the right to vote nor will the Proponents solicit acceptances from Class 4. Class 4 will receive a copy of the Joint Plan.

X.

OTHER

A. Objections to Claims

At this time, no bar date has been set for objections to Claims, but Proponents expect to submit to the Court a motion setting the bar date at 60 days after the Effective Date. The Liquidating Trustee may bring any objection or seek an extension of time to assert objections.

B. Means for Implementation of Joint Plan

1. Transaction Documents

The Proponents have concluded that an asset auction would not be in the best interest of the Estate. Accordingly, the Proponents place no significant value at all on a liquidation, certainly no value exists for unsecured creditors in that event. The real value under this Joint Plan is turning over ownership and management of the stores to the creditors, one of which, CVI, has the experience and financial wherewithal to grow the business and pay creditors a significant

recovery over time. The documents attached hereto as Joint Plan Supplement Transaction Documents include: (a) the Liquidating Trust Agreement, (b) The Debt Conversion and Equity Agreement, (c) the Debt Treatment Promissory Note, (d) the Exit Financing Agreement, and (e), the two fixed promissory notes representing the indebtedness of Chic Ventures for the Substantial Contribution Claim and the other Plan Obligations at Closing, together with the Line of Credit Facility. At some point prior to the Effective Date, loan documentation will be negotiated and reduced to writing on Home Bank's Class 1 Secured Claim, as well as any UCC 1 Financing Statements necessary to perfect CVI's security interests in the assets of Chic Ventures.

2. Liquidating Trust

The Joint Plan preserves the Causes of Action and the Liquidating Trustee shall accept and oversee and direct the prosecution of the Causes of Action on behalf of the Liquidating Trust. The Liquidating Trust will exist for an initial term of five years, subject to the right to extend the term upon mutual agreement and in accordance with the Liquidating Trust Agreement. The Liquidating Trust shall initially be funded by CVI with $25,000 cash. The Liquidating Trust shall be overseen by the Liquidating Trustee, who, for purposes of the Joint Plan, shall be Dwayne M. Murray. Mr. Murray, who has been a panel trustee for the Middle District of Louisiana for approximately 25 years, was selected as the Liquidating Trustee with the advice and consent of the Committee and CVI. The Liquidating Trustee will be paid for his services pursuant to the Liquidating Trust Agreement and will be entitled to reimburse himself for reasonable costs. The Liquidating Trust shall terminate no later than the fifth (5th) anniversary of the Effective Date; provided, however, that, on or prior to the date six (6) months prior to such termination, a party in interest, including the Liquidating Trustee, may file a motion to extend the term of the Liquidating Trust, upon notice to all interested parties and showing that

such an extension is necessary to complete the liquidation of the assets of the Liquidating Trust. Notwithstanding the foregoing, multiple extensions may be obtained so long as Bankruptcy Court approval is requested at least six (6) months prior to the expiration of each extended term. Furthermore, the Liquidating Trustee shall further cause the Liquidating Trust to be terminated within three (3) months of the occurrence of the later of (i) the entry of a Final Order by the Bankruptcy Court closing the Chapter 11 Case pursuant to Section 350(a) of the Bankruptcy Code, or (ii) the final distribution of all Cash from the liquidation of the assets of the Liquidating Trust.

If, during the term of the Liquidating Trust, the Liquidating Trustee is notified by Chic Ventures or CVI that that the sale of the Equity Interests is being demanded pursuant to the "drag-along" provisions, the Liquidating Trustee may, via proxy, sell such Equity Interests referred to in the Joint Plan commonly as the Minority Stake and distribute any proceeds of the sale to the beneficiaries according to their Pro Rata proportion. At the end of its existence, any assets still held by the Liquidating Trust shall be distributed to the beneficiaries according to their Pro Rata shares.

During the existence of the Liquidating Trust, Chic Ventures shall provide financial statements for the Liquidating Trustee's review. The financial information of Chic Ventures may be subject to confidentiality, and any such confidential information that is provided to the Liquidating Trustee shall not be further disseminated without Chic Ventures' express written consent.

3. Causes of Action

Preferences

Pursuant to the Bankruptcy Code, a debtor or trustee may recover certain preferential transfers of property, including cash, made while insolvent during the ninety (90) days immediately prior to the filing of its bankruptcy petition in respect of pre-existing debts to the extent the transferee received more than it would have in respect of the pre-existing debt had the debtor been liquidated under chapter 7 of the Bankruptcy Code. The recovery period is one year if the recipient of the preferential transfer is an Insider of the Debtor. There are certain defenses to such recoveries. Transfers made in the ordinary course of the debtor's and the transferee's business or according to the ordinary business terms are not recoverable. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case) for which transferee was not repaid, such extension constitutes an offset against any otherwise recoverable transfer of property. If a transfer is recovered by the Debtor, the transferee has a general unsecured claim against the debtor to the extent of the recovery. Any recovery for such suits will be paid to the Liquidating Trust. The Proponents believe recovery is possible against Carlos Padial, Jr., at a minimum on a $290,000 payment made by the Debtor to him approximately one month before the bankruptcy. There may be other Avoidance Actions available as well. The Joint Plan reserves any preference claim it may have, including the aforementioned payment to Mr. Padial, in favor of the Liquidating Trust.

As to the payments to Insiders during the year prior to the filing of the petition, it is possible the Liquidating Trust may pursue an action against Arthur Lancaster, Jr. and/or his wife Stacie. There are a number of payments to both of them or Mr. Lancaster's company Lancaster Construction, included on the Check Detail for the Debtor dating from October 20, 2016 to the

Petition Date (See attached). Other payments or transfers to Insiders may also be subject to claims for avoidance, revocation or disgorgement by the Liquidating Trustee under a theory other than preferential transfer.

Nothing herein or in any exhibit attached hereto shall constitute a determination by the Bankruptcy Court regarding the existence of any defenses to the Causes of Action or be construed or used against the Liquidating Trust and/or Liquidating Trustee in pursuit of those Causes of Action on any grounds including, but not limited to, res judicata or estoppel.

These Causes of Action and Avoidance Actions are preserved and will be transferred to the Liquidating Trust on the Effective Date to determine if further action is needed. This Joint Disclosure Statement will be supplemented before the hearing on its adequacy with additional information about possible preference actions.

Fraudulent Conveyances

Under the Bankruptcy Code and under various state laws, a debtor may recover certain transfers or property, including the grant of a security interest in property, made while insolvent or which rendered it insolvent if and to the extent the debtor received less than fair value for such property. Other payments or transfers to Insiders during the three (3) years prior to the Petition date may also be subject to claims for avoidance, revocation or disgorgement by the Liquidating Trustee. Proponents suspect that Arthur and Stacie Lancaster may have been the recipient of fraudulent transfers. For example, the Check Detail reflects that Stacie Lancaster received $6,600 for “money to cover tuition” less than one month before the Filing Date. As the 2004 examinations of Mr. Lancaster and Mr. Johnston revealed, Mr. Lancaster frequently transferred money to his personal account in the waning months before the bankruptcy was filed. Any and all Causes of Action and Avoidance Actions which may exist in relation to those transfers are

preserved and will be transferred to the Liquidating Trust on the Effective Date to determine if further action is required.

The Joint Plan will preserve any and all Causes of Action and Avoidance Actions which may exist or those not being compromised by the Committee and CVI pursuant to this Joint Plan.

C. Management of Chic Ventures

Kenneth Petersen and Scott Jacobs, both of CVI, will be responsible for the management of Chic Ventures. Their bios are attached hereto. Two seats on the Board of Directors shall be held by Mr. Petersen and Mr. Jacobs. Dwayne M. Murray, in his capacity as Liquidating Trustee and agent for the Minority Stake, shall also hold a seat on the Board.

Members of the board shall owe fiduciary duties to the minority shareholders of Chic Ventures.

D. Conditions to Confirmation and Effectiveness of Joint Plan

The Joint Plan shall not be confirmed unless the Confirmation Order has been entered by the Bankruptcy Court and the Order confirming the Joint Plan shall be in a form and substance satisfactory to the Proponents. The Effective Date of the Joint Plan shall occur automatically upon the filing by the Proponents of a notice stating that the conditions set forth below have been satisfied or waived in writing by the Proponents:

(a) In the opinion of the Committee and CVI, in their reasonable discretion, all documents necessary to consummate the Joint Plan, including the consummation of the Equity Interest Transaction, shall have been executed and delivered by all appropriate parties thereto;

(b) The Confirmation Order shall have been entered; and

(c) The Confirmation Order shall not be stayed and shall have become a Final Order. Notwithstanding the foregoing, the acquirer of the Equity Interests, in the sole discretion of CVI and the Liquidating Trustee, may waive any of the conditions in Section 11.2 of the Joint Plan.

E. Liquidation Analysis

The Proponents do not believe the Debtor's plan is confirmable. If the Joint Plan is also not confirmed, the Proponents expect that the alternative will be to liquidate the Debtor's assets after converting the Debtor's case to a Chapter 7 liquidation. In the case of a liquidation, the Proponents see no attainable value for unsecured creditors on the sale of Assets, as any such recovery would be subject to the administrative expenses of the chapter 7 trustee and his court-approved professionals, followed by the super-priority chapter 11 administrative expense claims in favor of the DIP Lender and the Post-Petition Inventory Lender and any monies owed to Home Bank on account of its security interest in all or substantially all of the Debtor's Assets. Even assuming a fantastic result on liquidating, Priority Tax Claims would be next in line to receive payment. Under no realistic circumstances would a liquidation sale generate enough money to pay unsecured creditors a dividend.

Specifically, Debtor's only substantial assets are the leases on the twelve stores plus the inventory and improvement located therein. According to the Debtor, the inventory value is about $530,000 and the rest of Home Bank's collateral is virtually worthless unless incorporated into a going concern operation. In chapter 7 liquidation, there would be no going concern value. Home Bank, the DIP Lender and the Post-Petition Inventory Lender are owed about $2 million and Priority Tax Claims are between $300,000 and $500,000. Proponents strongly believe confirmation of the Joint Plan is in the best interests of the Estate and its creditors.

F. Material Tax Consequences of the Joint Plan

In connection with the Joint Plan and all instruments issued in connection therewith and distributed thereon, Chic Ventures or the Liquidating Trustee or any other paying agent, as applicable, shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Joint Plan shall be subject to any such withholding or reporting requirements. Notwithstanding the above, each holder of an Allowed Claim that is to receive a distribution under the Joint Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Joint Plan has the right, but not the obligation, to refrain from making a distribution, until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

G. Consideration in Voting on the Plan/Risk Factors

The Proponents have proposed a Joint Plan which provides the creditors of the Estate the best chance for a meaningful recovery. The sole secured creditor, Home Bank, is afforded all rights it is entitled to under the Bankruptcy Code, meaning the full value of its secured claim, as determined by agreement between CVI and Home Bank or pursuant to evidence adduced as to value at the Confirmation Hearing, and a lien on the assets to the same extent that it had pre-petition against the Debtor to secure same. Any remaining amounts due Home Bank will be its Deficiency Claim, entitled to treatment under Class 2. Home Bank's risk on its Class 1 Claim is

that operations are insufficient to service its debt and the resulting foreclosure on its collateral is insufficient to pay off the Class 1 Secured Claim, much less the Deficiency Claim.

Class 2 Claimants, other than CVI, who actually vote on the Joint Plan have a choice, neither of which is without risk. The Debt Treatment, by its nature, is less risky than the Debt Conversion alternative. These payments have priority over Member Distributions on account of Equity Interests. However, the recoveries under the Debt Treatment are capped, whereas those Class 2 Claimants who ultimately have a Pro Rata share of the Minority Stake have the possibility anyway of a higher return based on its share of net profits and the proceeds of any Buyout.

All Proponents really have to go on right now is the Debtor's reported revenues, operating results, and cash flows reflected in its Monthly Operating Reports and the Profit and Loss statement for the first full six months of operations during chapter 11. CVI is confident that it can outperform the Debtor but there are no guarantees. There are inherent risks associated with retail clothing, not the least of which is Amazon and other online marketers. However, the financial commitment by CVI to the success of Chic Ventures certainly mitigates some of the risk.

HOLDERS OF CLAIMS IN CLASS 1 and CLASS 2 SHOULD CONSIDER THE CHANCES OF RECOVERY UNDER THE JOINT PLAN AS MODERATELY RISKY. THIS PLAN IS BEING OFFERED BECAUSE THE PROPONENTS BELIEVE THAT ABSENT THIS JOINT PLAN, CREDITORS WILL RECEIVE CONSIDERABLY LESS OR PERHAPS NOTHING AT ALL ON ACCOUNT OF THEIR CLAIMS.

NO REPRESENTATIONS CONCERNING THE DEBTOR ARE AUTHORIZED BY THE PROPONENTS OTHER THAN AS SET FORTH IN THIS JOINT

DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OTHER THAN AS CONTAINED IN THIS JOINT DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION. ANY SUCH OTHER OR ADDITIONAL REPRESENTATIONS AND INDUCEMENTS SHOULD BE REPORTED TO COUNSEL FOR THE PROPONENTS, WHO IN TURN SHALL DELIVER SUCH INFORMATION TO THE BANKRUPTCY COURT FOR SUCH ACTION AS MAY BE DEEMED APPROPRIATE. THE UNDERSIGNED ATTORNEY FOR THE DEBTOR IS UNABLE TO WARRANT OR REPRESENT THAT OTHER INFORMATION HEREIN IS WITHOUT ANY INACCURACIES.

H. Conclusions and Recommendations

The Proponents believe that confirmation and implementation of the Joint Plan will provide each creditor with the potential for a recovery much better than either the Debtor's plan provides or what will happen if the Debtor's Assets are liquidated under Chapter 7. Thus, the Proponents believe that confirmation and implementation of the Joint Plan is the best possible outcome for creditors and is in their best interests and therefore recommend acceptance of the Joint Plan.

Respectfully submitted this ___ day of October, 2017.

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