

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

Nordica Soho LLC,

Case No. 16-11856 (SCC)

Debtor.
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**AMENDED DISCLOSURE STATEMENT PURSUANT TO
SECTION 1125 OF THE BANKRUPTCY CODE**

THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR BANKRUPTCY COURT APPROVAL, BUT HAS NOT YET BEEN ACTUALLY APPROVED.

Nordica Soho LLC (the “Debtor”) hereby submits this Amended Disclosure Statement (the “Disclosure Statement”), pursuant to §1125 of Title 11, United States Code (the “Bankruptcy Code”), in connection with the Debtor’s accompanying Amended Chapter 11 Plan of Reorganization dated February 14, 2017 (ECF #__) (the “Plan”). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in the Plan.

I. OVERVIEW

A. Summary of the Plan.

The Plan is predicated on an auction sale (the “Auction”) of the Debtor’s real property, consisting of two adjoining parcels located at 182-186 Spring Street, New York, NY (the “Property”) to be conducted on February 15, 2017.

The specific time, terms and conditions of the Auction have been established by the Bankruptcy Court pursuant to a Bidding Procedures Order dated January 19, 2017 designating Maltz Auctions, Inc., d/b/a Maltz Auctions (“Maltz”) as the Court-appointed auctioneer. The

name of the high bidder (the “Successful Purchaser”) will be filed with the Court following completion of the Auction.

The Property is encumbered by two mortgages. The first mortgage lien is held by 182-186 Spring Street Lender LLC (“First Lender”), an affiliate of Acadia Realty Trust. The First Lender has asserted a total claim of \$16,826,390.73 as of February 15, 2017, which is projected by the First Lender to be \$17,146,349.45 as of the Closing Date, based on accruing interest and other charges. The second mortgage is held by 182 Spring Street Associates (the “Second Lender”) and was the subject of pre-bankruptcy litigation in the Supreme Court, New York County. The claim of the Second Lender was reduced to judgment in the amount of \$12,347,633.05 as of August 7, 2015, plus accruing interest. Both the First Lender and Second Lender retain credit bid rights at the Auction. The final allowed amounts of the claims of First Lender and Second Lender have not yet been determined by the Bankruptcy Court, and objections may be filed to various aspects of each claim.

The Plan is designed to provide a mechanism for realizing the fair market value of the Property and then distributing the net proceeds of sale to the holders of allowed secured and unsecured claims based upon the priority scheme established under the Bankruptcy Code. Besides the payment of secured debt and administrative expenses, the Plan also provides for the payment of all outstanding real estate taxes and ECB violations at closing, and creates a fund of \$50,000 for all other allowed claims in the event the net proceeds of sale are insufficient to pay the holders of allowed secured and administrative and priority claims in full. To qualify for the Transfer Tax exemption, a closing on the Sale shall occur after confirmation of the Plan.

B. Approval of this Disclosure Statement.

Pursuant to 11 U.S.C. §105(d)(2)(B), this Disclosure Statement has been conditionally approved by the Bankruptcy Court as containing adequate information within the meaning of 11 U.S.C. §1125 necessary for creditors to (i) evaluate the Plan; and (ii) determine whether to accept or reject the Plan. Final approval of the Disclosure Statement will be sought by the Debtor in conjunction with actual confirmation of the Plan. The Court's preliminary approval of the Disclosure Statement is conditional, and creditors have the right to object to final approval of the Disclosure Statement, and to object to the Plan itself if they so elect.

C. Confirmation of the Plan.

The Bankruptcy Court has scheduled a combined hearing to consider both final approval of this Disclosure Statement and confirmation of the Plan on the same day and time, to wit, March ___, 2017 at 10:00 a.m., Eastern Standard Time. The hearing will be conducted by the Honorable Shelley C. Chapman in the United States Bankruptcy Court, One Bowling Green, Courtroom 623, New York, NY 10004. At the combined hearing, the Bankruptcy Court will determine whether the requirements of Section 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order finally approving the Disclosure Statement and confirming the Plan. The Debtor believes that the Plan will satisfy all applicable requirements of Section 1129(a) of the Bankruptcy Code. Confirmation makes the Plan binding upon the Debtor and all creditors and equity holders.

Any party in interest may object to final approval of the Disclosure Statement or confirmation of the Plan. The Bankruptcy Court has directed that objections, if any, shall be served upon counsel to the Debtor, Goldberg Weprin Finkel Goldstein LLP, Attn: Kevin J. Nash,

1501 Broadway, 22nd Floor, New York, New York 10036 and all parties who have filed a Notice of Appearance on or before March __, 2017, in the manner described in the Order. The combined hearing may be adjourned from time to time without further notice other than by announcement in open court.

In order for the Plan to be accepted on a consensual basis, each impaired class must accept the Plan or be deemed to accept the Plan. Acceptance is based upon affirmative votes from each class of creditors holding at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims of those creditors in the particular class who actually vote.

In accordance with section 1126(f) of the Bankruptcy Code, all classes of claims that are impaired may vote to accept or reject the Plan. A class of claims is impaired if the Plan modifies, alters or changes the Claimant's legal, equitable or contractual rights against the Debtor. In this case, the Class 2 Claim of the First Lender, the Class 3 Claim of the Second Lender, 182 Spring Street Associates, and the Class 4 Claims of General Unsecured Creditors are all impaired or potentially impaired and eligible to vote on the Plan.

Ballots for acceptance or rejection of the Plan will accompany the Plan, and should be completed by all voting classes of creditors. After carefully considering this Disclosure Statement and the Plan, please indicate your vote on the enclosed ballot and return same before the voting deadline to Goldberg Weprin Finkel Goldstein LLP, Attn Kevin J. Nash, 1501 Broadway, 22nd Floor, New York, New York 10036. Facsimile: (212) 422-6836. E-mail: KNash@GWFGlaw.com.

In order to be counted, your ballot must be actually received on or before March __, 2017 at 5:00 p.m. Eastern Standard Time (the "Voting Deadline"). All forms of personal delivery of

ballots including overnight delivery service, courier service, and delivery by hand are acceptable. Facsimile and electronic transmissions are acceptable as well. There is no need to file your Ballot with the Clerk of the Bankruptcy Court. If your ballot is damaged or lost, or if you do not receive a ballot to which you are entitled, you may request in writing a replacement by contacting Goldberg Weprin Finkel Goldstein LLP, Attn Kevin J. Nash, at the stated address.

Only actual votes will be counted. A failure to return a ballot will not be counted either as a vote for or against the Plan. If a creditor casts more than one ballot voting the same Claim before the Voting Deadline, the latest dated Ballot received before the Voting Deadline will be deemed to reflect the voter's intent and thus to supersede any prior ballots.

D. Disclaimer. The Bankruptcy Court's conditional approval of this Disclosure Statement does not constitute an endorsement of the Plan. No representations other than those explicitly set forth in this Disclosure Statement are authorized concerning the terms of the Plan or the Debtor's development plans, the scope of assets or the extent of the Debtor's liabilities.

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the case and certain financial information. Although the Debtor believes that the Disclosure Statement is accurate, the terms of the Plan govern, and creditors are advised to review the Plan in its entirety.

II. EVENTS LEADING UP TO THE PROPOSED PLAN

The Property was acquired in 2011 for the purpose of pursuing a residential re-development project (the “Project”). In 2013, new equity holders became involved with the Debtor’s Project and caused the then-existing mortgage debt to be refinanced with affiliates of the First Lender, Acadia Realty Trust (182-186 Spring Street Lender LLC), which currently holds the first mortgage against the Property. Additionally, the prior owner of the Property retained a purchase money second mortgage arising out of the sale of the Property to the Debtor in 2011. Despite the infusion of new equity, the Project continued to stall, leading to a series of mortgage defaults. Various settlement / forbearance agreements were negotiated under which certain of the Debtor’s principals continued to pay debt service and carrying costs for the Property for long stretches of time into the spring of 2016.

Ultimately, efforts to negotiate acceptable terms for further extensions were unsuccessful. As a result, the First Lender commenced an action for foreclosure. In the meantime, the second mortgage holder, which also held a duly filed confession of judgment in the sum of \$12,347,633.05, noticed a Sheriff’s execution sale of the Property. Faced with multiple enforcement proceedings, the Debtor filed for Chapter 11 relief on June 28, 2016.

III. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

The Debtor filed the Chapter 11 case with one goal in mind, namely to sell the Property under a plan of reorganization on a transfer tax-exempt basis in accordance with Section 1146(a). The Debtor’s sales efforts were supported by the First and Second Lenders. To this end, the Debtor first retained HFF to market the Property pursuant to Order dated September 8, 2016 (ECF #15). After HFF was unable to procure a suitable stalking horse purchaser, the Debtor and

its secured creditors agreed to pursue a sale of the Property through an auction process. To this end, the Debtor moved to retain Maltz to conduct the auction and entry of a bidding procedures Order on January 19, 2017. The auction is scheduled for February 15, 2017, and the Debtor received initial offers from at least six potential bidders. Under the bidding procedures Order, both the First and Second Lenders were granted credit bid rights. Upon conclusion of the auction, the Debtor shall file a designation naming the high bidder as the Successful Purchaser of the Property for purposes of the Plan. In the meanwhile, the Debtor has filed the Amended Plan and this Amended Disclosure Statement so the confirmation process can move in tandem with the sale process.

IV. THE PLAN

UNCLASSIFIED CLAIMS

Any Administrative Expense Claims other than Professional Fee Claims shall be paid in the regular course of business under the terms of applicable contracts and agreements which currently exist between the Debtor and its respective creditors.

The holders of Professional Fee Claims (a) shall file, on or before the date that is thirty (30) days after the Effective Date, an application for final allowances of compensation for services rendered and reimbursement of expenses incurred in the Chapter 11 case and (b) shall be paid in full from the Confirmation Fund, in such amounts as are Allowed by the Bankruptcy Court. The Debtor's counsel has agreed to a cap of \$200,000 with respect to its accrued legal fees and expenses.

The Priority Tax Claims filed by the IRS and New York State are also unclassified under the Plan. Currently, the IRS has filed combined priority and general claims in the sum of

\$66,595.08, which will be reviewed and objected to as appropriate. The bulk of the claim (\$65,487.05) is unsecured for alleged penalties. The State of New York also filed a small priority claim for less than \$3,000.00, which will be reviewed as well.

CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

Summary

The categories listed below classify Claims against the Debtor for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

Summary of Classification and Treatment of Claims and Equity Interests

Class	Designation	Impaired
Class 1	Real Estate Tax and ECB Claims of New York City	No
Class 2	Secured first mortgage claim of 182-186 Spring Street Lender LLC	To be determined
Class 3	Judgment claim of 182 Spring Street Associates	To be determined
Class 4	Unsecured Claims	Yes
Class 5	Equity Interests	Yes

Classification, Treatment and Voting

Class 1 —Real Estate Tax Claims

Classification: Class 1 is comprised of the Real Estate Claims.

Treatment: The Department of Finance, or such other agency designated by the City of New York, shall receive a cash payment on the Closing Date from the first proceeds of the Sale equal to the undisputed amount of all outstanding real estate taxes and related charges. Reserves shall be established at closing to address all disputed amounts for ECB Violations and other charges pending final allowance thereof.

Voting: Class 1 is unimpaired. The City of New York (“City”) is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

To date, the City has filed various questionable claims, beginning with an estimate unsecured claim for alleged unpaid real property transfer taxes and UBT-Partner taxes in the total sum of \$197,278.21. This claim will be objected to in its entirety. The City also filed a claim in the sum of \$124,037.88 for a number of ECB violations based on alleged defaults. The City’s ECB claims will also be the subject of objections. The Debtor acknowledges the existence and accrual of certain outstanding real estate taxes totaling \$188,527.93, as of February 14, 2017, which will be paid at Closing. To the extent that the City’s other claims are allowed following objections, they will be paid from the proceeds of sale, and appropriate reserves will be established at Closing for all disputed items.

Class 2 —Secured First Mortgage Claim of 182-186 Spring Street Lender LLC.

Classification: Class 2 is comprised of the Secured First Mortgage Claim of the First Lender (Spring Street Lender LLC).

Treatment: The Class 2 claimant has asserted a total claim in the sum of \$16,826,390.73 as of February 15, 2017, which is projected by the First Lender to be \$17,146,349.45 as of the Closing Date (the “Secured Claim”). The Debtor reserves the right to object to portions of the Secured Claim. For purposes of the Plan, assuming a Sale involving a third party, the First Lender shall receive a cash payment on the Closing Date in an amount equal to the allowed amount of the Secured Claim. In the event the final allowed amount of the Class 2 Secured Claim has not been fixed prior to the Closing Date, the Debtor shall pay the undisputed portions of the Secured Claim on the Closing Date and establish a reserve for all amounts then in dispute

from the net proceeds of the Sale. This reserve shall be held by the Disbursing Agent in the Confirmation Account pending the final determination of any objection to the Class 2 Secured Claim.

Voting: Class 2 is potentially unimpaired, in the event the claim is not paid in full by either a sale to a third party or a credit bid by the Class 3 Second Lender. The treatment of a credit bid scenario is discussed in Article V, below. In either event, it is anticipated that the Class 2 First Lender will consent to the Plan.

Class 3 — Secured Claim of 182 Spring Street Associates

Classification: Class 3 is comprised of the secured claim of 182 Spring Street Associates (the “Second Lender”).

Treatment: The Class 3 Second Lender entered a judgment against the Debtor in the Supreme Court, New York County, on August 7, 2015 in the amount of \$12,347,633.05 (the “Judgment Claim”). Interest accrued thereafter up to the Petition Date at the statutory judgment interest rate of 9% per annum. However, the Class 3 Second Lender has filed a proof of claim asserting entitlement to interest at the default rate of 16% under the mortgage through the Petition Date. The filed claim also asserts a claim for legal fees in the amount of \$157,212.63 without any supporting documentation or court order allowing the fees. Accordingly, the Debtor reserves the right to object to portions of the Judgment Claim.

In the event of a credit bid from the Class 2 First Lender and no further bids, then the Class 3 Second Lender shall be deemed fully undersecured and shall share pro rata with all other unsecured creditors in the residual carve-out fund of \$50,000 as provided below. In the event a third party emerges as the successful Purchaser, then the Class 3 Second Lender shall receive a

cash payment on the Closing Date from the residual net Sale proceeds after payment of Administrative Expenses, Priority Tax Claims and Class 1 and 2 Claims (including any reserve established in connection with the objection of any portion of the Class 2 Secured Claim) in full, but in no event more than the allowed Class 3 Claim as finally determined by the Bankruptcy Court.

In the event the amount of the Class 3 Claim of the Second Lender has not been fixed prior to the Closing Date, the Debtor shall establish a reserve for all amounts then in dispute from the net proceeds of the Sale. This reserve shall be held by the Disbursing Agent in the Confirmation Account pending the final determination of the Debtor's objection.

Voting: Class 3 is potentially impaired. The final status of the Class 3 Claim shall be determined after the Auction has been concluded, whereupon it will be known whether the Class 2 First Lender or Class 3 Second Lender has exercised a credit bid right and the likely distribution available to creditors. Indeed, the Class 3 Second Lender also retains credit bid rights as discussed in Section 5.2, below. The Debtor anticipates that the Class 3 Second Lender will also consent to the Plan.

Class 4 —Unsecured General Claims

Classification: Class 4 is comprised of the Allowed Unsecured General Claims, consisting of all other Claims, such as the non-priority portion of the Claims filed by the IRS and New York State, the disputed mechanic liens, broker's liens, and all other suppliers and vendors to the extent their Claims are allowed.

Treatment: To the extent that there are any remaining Sale proceeds after payment of Administrative Expenses, Priority Tax Claims, and Class 1, 2 and 3 Claims in full, then in such

event, each holder of an Allowed Unsecured General Claim shall receive a pro rata cash dividend once all Class 4 Claims are resolved based on the remaining residual cash. Alternatively, in the event of a credit bid scenario, then the Class 4 Unsecured Creditors shall share pro rata in the residual carve-out fund of \$50,000.

Voting: Class 4 is impaired. The General Unsecured Claims are entitled to vote on the Plan.

Class 5 — Equity Interests

Classification: Class 5 is composed of the Equity Interests.

Treatment: In theory, Class 5 Equity Interest Holders are eligible to receive any surplus proceeds after payment of Administrative Expenses, unclassified Priority Tax Claims, and Allowed Class 1, 2, 3 and 4 Claims in full with post-petition interest. However, no surplus is anticipated.

Voting: As insiders, the votes of the Equity Interest Holders are not counted in considering confirmation of the Plan.

V. IMPLEMENTATION OF THE PLAN

Implementation. The Plan shall be implemented through the Auction of the Property, a resulting closing and establishment of the Confirmation Fund. Distributions required hereunder shall be made by the Disbursing Agent from the Confirmation Fund.

The Bidding Procedures Order provides that the Property shall be sold at the Auction on February 15, 2017 at 2:00 p.m., as is, where is, free and clear of all claims, liens, taxes, notices of pendency, and non-permitted Encumbrances in accordance with Sections 363(b) and (f) and

1123(a)(5)(D) of the Bankruptcy Code, with all claims, liens, taxes and non-permitted Encumbrances to attach to the sale proceeds in the same extent, validity and priority.

Based upon the existing title work available to the Debtor, among the disputed encumbrances which will be cleared under the Confirmation Order are the following items:

- a. Notices of pendency filed by the First Lender and Second Lender respectively;
- b. A disputed mechanic's lien filed by Gruzen Samton IBI Group in 2013, in the amount of \$111,663.94, which was never extended and has expired as a matter of law;
- c. Disputed broker's lien filed by Mortgage Equicap LLC in 2013, in the amount of \$290,000.00, which likewise has expired as a matter of law;
- d. Prior recorded contracts of sale and purchase options, in favor of Tribeca Equities and the First Lender, which likewise are no longer effective and shall be extinguished under the Confirmation Order;

Credit Bids. Pursuant to 11 U.S.C. §363(k), the Class 2 First Lender and the Class 3 Second Lender each retain rights to make a credit bid at the Auction pursuant to existing agreements.

In the event that a credit bid is accepted from either the Class 2 First Lender or Class 3 Second Lender, then that claimant, as applicable, shall be deemed the Successful Purchaser and shall be responsible to pay and fund the following items: (i) all allowed Administrative Expenses not to exceed \$200,000 (excluding the \$50,000 fee due to Maltz under the Order authorizing its retention as Auctioneer); (ii) usual and standard closing costs; (iii) U.S. Trustee Fees, (iv) allowed Priority Tax Claims; (v) all allowed Claims 1 Real Estate Claims; and (vi) \$50,000 to fund a pro-rata dividend to the remaining creditors holding Allowed Claims (the "Residual Carve-Out Fund"). If the Class 3 Second Lender is the credit bidder and successful Purchaser, then in addition to the amounts set forth above, the Class 3 Second Lender shall also pay to the

Disbursing Agent sufficient funds to pay the allowed Class 2 Secured Claim in full, including payment to the Disbursing Agent of a reserve equal to any portion of the Class 2 Secured Claim that is objected to or in dispute.

To the extent that either the Class 2 First Lender or the Class 3 Second Lender becomes the Successful Purchaser by credit bid and actually funds the amounts set forth in Section 5.2(i) – (v) of the Plan, then there shall be no further objections to the Successful Purchaser’s Claim which shall be allowed in the amount of the winning credit bid. In addition, in the event either the Class 2 First Lender or the Class 3 Second Lender is required to fund the payment of any Claims under the Plan that are, or become, a Disputed Claim subject to the establishment of a reserve, and such Disputed Claim is reduced by settlement or Order of the Bankruptcy Court, the amount of such reserve that is not necessary to satisfy the Allowed Claim of such Claimant shall be returned to the Class 2 First Lender or the Class 3 Second Lender, as applicable.

Discharge of Obligations. Except as otherwise expressly provided for and preserved herein, upon the occurrence of the Closing Date, as the case may be, any mortgages, judgments, liens, notes, bonds, agreements, instruments or documents, or otherwise, evidencing or creating any indebtedness, guaranties or other obligations of the Debtor that relate to Claims under this Plan and relating to the Property, shall be deemed satisfied and cancelled, and the obligations of the Debtor under each of the foregoing shall be discharged; provided, however, that the mortgage held by 182-186 Spring Street Lender LLC may be assigned instead of discharged based upon an agreement to be executed between the Debtor and the Successful Purchaser upon the consent of the Class 2 First Lender, such consent not to be unreasonably withheld. Based upon these discharge provisions, all notices of pendency filed against the Property shall be deemed cancelled

and vacated; all mechanic liens and brokers liens against the Property shall be deemed cancelled and vacated; and all recorded contracts of sale, memoranda or purchase options are likewise cancelled and vacated, and the Confirmation Order shall so provide.

Notwithstanding Section 5.3 of the Plan, or any other provision of the Plan, the discharge of a debt of the Debtor shall not affect the liability of any entity on, or property of any other entity for, such debt.

Post-Closing Date Transactions. On or after the Closing Date, the Debtor is hereby authorized to take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate the transfer of the Property, including the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, or right of the Debtor on terms consistent with the terms of this Plan and having other terms for which the applicable parties agree.

Transfer of Assets. On the Closing Date, title to the Property shall be transferred to the Successful Purchaser pursuant to and in furtherance of the Plan by means of, inter alia, the following conveyances documents:

- (a) a Bargain and Sale Deed to the Property in form and substance reasonably acceptable to the Successful Purchaser, or its designee, to be recorded in the appropriate register's office (the "Deed"), together with any and all New York City closing documents, including all New York State real property Transfer Tax returns and any and all affidavits, certificates and other documents which are usual and customary to facilitate a sale of real property in the City of New York; and

(b) a Bill of Sale, in form and substance reasonably acceptable to the Successful Purchaser, transferring all personal property of the Debtor used in or useful to the operation and maintenance of the Property.

Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of or in connection with this Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by or in any way related to this Plan shall not be subject to any document recording tax, mortgage recording tax, stamp tax or similar government assessment, and the appropriate state or local government official or agent shall forego the collection of any such tax or government assessment and accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment, including without limitation the New York City Real Property Transfer Tax and New York State Documentary Tax.

Preservation of Other Rights and Causes of Action. Any Causes of Action belonging to the Debtor against third parties shall remain property of the Debtor's estate and shall be vested in the Reorganized Debtor (i.e., Debtor following Confirmation of the Plan) for prosecution as Reorganized Debtor deems necessary and appropriate. Although the Debtor is currently unaware of any Causes of Action, to the extent any Causes of Action are subsequently identified and pursued, the proceeds, if any, will be deposited into the Confirmation Fund for distribution to creditors under this Plan.

Post-Confirmation Management. The Reorganized Debtor shall continue to be managed by the current co-Managers, Nanci Hom and Harry Shapiro, pending formal dissolution of the Company.

Rights and Powers of the Debtor. The Debtor shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (ii) direct that all distributions contemplated hereby be made, (iii) prosecute, settle and enforce all Causes of Action on behalf of the estate with any Causes of Action to be asserted within thirty (30) days of the Effective Date; and (iv) exercise such other powers as may be deemed by the Debtor to be necessary and proper to implement the provisions hereof.

Rejection of all Existing Leases and Executory Contracts. The Debtor is unaware of any unexpired leases or executory contracts to which it is a party, although certain contract of sales have been previously recorded against the Property. Besides being extinguished, any unexpired leases or executory contracts to which the Debtor is party shall be deemed rejected as of the Confirmation Date.

Conditions Precedent to the Effective Date. The following are conditions precedent to the Effective Date that must be satisfied:

(a) The Debtor shall have designated a Successful Purchaser for the Property and an Order shall have been entered by the Bankruptcy Court approving the results of the auction, and, as may be applicable, approving an asset purchase agreement with the Successful Purchaser;

(b) Confirmation shall have occurred and the Confirmation Order shall have been entered by the Bankruptcy Court by March 27, 2017;

(c) The Confirmation Order shall have become a Final Order, unless the Bankruptcy Court waives the period set forth in Bankruptcy Rule 6004(h) and the successful Purchaser qualifies for good faith buyer protection;

(d) The Closing Date shall have occurred, the purchase price received by the Debtor, and title to the Property shall have been conveyed to the Successful Purchaser in accordance with the Plan and the Confirmation Order;

(e) There shall not be in effect on the Effective Date, any Order entered by a court of competent jurisdiction staying, restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Plan; and

(f) All other actions and documents necessary to implement the Plan shall have been effected or executed in form and substance satisfactory to the Debtor.

Retention of Jurisdiction. The Bankruptcy Court shall retain jurisdiction after confirmation pending closure of the case to perform the following: (a) Ensure that the Plan is fully consummated, and to enter any Order pursuant to section 1142(b) of the Bankruptcy Code;

(b) Resolve all matters arising under or relating to the Plan, including, without limitation, the enforcement, interpretation and any issues or dispute relating to the Closing on the Sale of the Property; (c) Allow, disallow, determine, liquidate or classify, any secured or unsecured Claims, including, without limitation, the resolution of any request for payment of any Administrative Expenses, the resolution of any and all objections to the allowance any Claims, and the resolution of any adversary proceeding; (d) Grant or deny any and all applications for allowance of compensation and reimbursement of expenses by the professionals retained during the bankruptcy case; (e) Resolve any motions or applications pending on the Effective Date; (f) Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the Plan; (g) Enter such Orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, deeds, instruments and other agreements or documents created in connection with the Plan or to enforce all orders, judgments, injunctions, and rulings entered in connection with the bankruptcy case; (h) Issue any orders or take such other actions as may be necessary or appropriate to restrain interference by any person or entity with consummation or enforcement of the Plan; and (i) Enter a Final Decree concluding the bankruptcy case.

VI. BASIC REQUIREMENTS FOR CONFIRMATION OF THE PLAN

Section 1129(a) of the Bankruptcy Code lists a number of findings that need to be made prior to Confirmation. In this case, because the Debtor is selling the Property and distributing all of the net proceeds to the holders of allowed claims in accordance with the priority scheme established under the Bankruptcy Code, the Debtor believes that the Plan meets with all of the

requirements of Section 1129(a). In the end, the Debtor anticipates that all creditors will support the Plan as the best way to maximize the value of the Property.

A. Feasibility Of The Plan. As a prerequisite to confirmation, Bankruptcy Code § 1129(a)(11) requires that the Debtor and its equity interest holders demonstrate their ability to fund the Plan and establish that confirmation is not likely to be followed by the need for further financial reorganization or restructuring. Since the Debtor is liquidating its assets at fair market value, this test is easily met.

B. Best Interests Of Creditors Test. The Plan must also be in the “best interests of creditors”. This is a legal term of art which requires that the Plan provides a dividend to a class of creditors that vote against the Plan, which is equal to or greater than the distribution that class of creditors would realistically receive if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code. Here, a small carve out of \$50,000 has been set aside by both the First and Second Lenders, which would not otherwise be available in a Chapter 7 case. Thus, the distribution to unsecured creditors under the Plan is greater than in a Chapter 7 liquidation.

VII. CONCLUSION

The Debtor believes the Plan should be confirmed, and urges creditors to vote in favor of the Plan.

Dated: New York, New York
February 14, 2017

NORDICA SOHO LLC

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/s/ Harry Shapiro
Harry Shapiro, Co-Manager

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