

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

Chapter 11

**BUCHANAN TRAIL REALTY
HOLDINGS LLC
F/K/A FOREMOST REALTY
HOLDINGS LLC,,**

Case No.: 17-23619-rdd

Debtor.

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**DISCLOSURE STATEMENT FOR PLAN OF LIQUIDATION
OF BUCHANAN TRAIL REALTY HOLDINGS LLC**

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF
THE PLAN FOR BUCHANAN TRAIL REALTY HOLDINGS LLC.
ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A
DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE
BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING
SUBMITTED TO THE BANKRUPTCY COURT FOR APPROVAL BUT HAS
NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE
INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION
OR AMENDMENT.**

**ROBINSON BROG LEINWAND GREENE
GENOVESE & GLUCK P.C.**

Attorneys for the Debtor

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New York, New York 10022
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A. Mitchell Greene, Esq.

Dated: New York, New York
January 22, 2018

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND ALL EXHIBITS HERETO, INCLUDING THE PLAN, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE DISCLOSURE STATEMENT AND THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THE TRANSMISSION OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. AFTER THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL BE MATERIALLY ACCURATE, AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS WITH "ADEQUATE INFORMATION" (AS DEFINED IN THE BANKRUPTCY CODE) SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN.

THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, AS A STIPULATION OR AS A WAIVER, BUT, RATHER, AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE LIQUIDATION OR THE PLAN ON HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR.

SUMMARY

A glossary of terms frequently used in this disclosure statement, is set forth in Article 1 of the amended plan of reorganization filed with the Bankruptcy Court.

The Debtor, Buchanan Trail Realty Holdings LLC f/k/a Foremost Realty Holdings LLC (the “Debtor”), has filed its *Plan of Liquidation of Buchanan Trail Realty Holdings LLC* dated January [], 2018 (the “Plan”),¹ with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). This *Disclosure Statement for Plan of Liquidation of Buchanan Trail Realty Holdings LLC* (the “Disclosure Statement”) has been approved by the Bankruptcy Court, including for use in connection with the solicitation of acceptances of the Plan from holders of Claims against and Interests in the Debtor pursuant to section 1125 of title 11 of the United States Code (the “Bankruptcy Code”).

In the Debtor’s opinion, the treatment of Allowed Claims under the Plan provides a greater recovery for Creditors than that which is likely to be achieved under other alternatives for the reorganization or liquidation of the Debtor.

Accordingly, the Debtor believes that Confirmation of the Plan is in the best interests of Creditors and Interest Holders, and recommends that you vote to accept the Plan.

THE DEBTOR

The Debtor owns a 52+ acre parcel of property containing three non-operating manufacturing facilities located at 6092-6084 & 6100 Buchanan Trail West, Mercersburg, Pennsylvania (the “Property”). The Property is currently encumbered by two mortgages — one held by Foremost Realty Lender LLC (“Foremost”) and the other by AHG Investors, LLC (“AHG”) . The Property is currently the subject of a foreclosure proceeding commenced by Foremost. AHG has intervened in the foreclosure proceeding to dispute the validity of the Foremost mortgage based upon Pennsylvania law. The Debtor filed a petition for relief to stay the foreclosure proceeding and allow the Debtor to sell the Property free and clear of all liens, claims, and encumbrances.

THE PLAN

The Plan provides for a sale of the Property pursuant to bidding procedures (the “Bid Procedures”), which are attached as **Exhibit A**. Currently, the Debtor has entered into a “stalking horse” contract with Pennsylvania Cherry LLC (the “Stalking Horse Contract”) in the amount of \$5,700,000. The Stalking Horse Contract provides for Pennsylvania Cherry to act as the Stalking Horse and pay \$5,700,000 in cash for the Property.² A copy of the Stalking Horse

¹ Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Plan.

² The Stalking Horse Contract is subject to a diligence period that expires on February 9, 2018, which is three days

Contract is attached to the Plan as **Exhibit A**. Pursuant to the Bid Procedures, the Property will be marketed by NAI CIR. The Debtor's real estate broker will market the Property and solicit "higher or better" offers than the current offer set forth in the Stalking Horse Contract. In the event a higher or better offer is obtained, the Property will be auctioned pursuant to the Bid Procedures and sold to the person or entity making the highest or best offer for the Property at the auction and the Sale Proceeds distributed to creditors pursuant to the Plan. In the event that a "higher or better" purchaser cannot be found, then the Property will be sold to Penn Cherry and the \$5,700,000 contract price will be used to fund payments under the Plan.

From the Sale Proceeds, the Debtor intends to pay its creditors as proposed by the Plan, with Foremost carving out from the Sale Proceeds, funds to pay Administrative Claims, including Allowed Professional Fee Claims, and the \$30,000 Unsecured Creditors Fund.

The table below provides a summary of the classification and treatment of Claims and Interests under the Plan. The figures set forth in the table below represent the Debtor's best estimate of the aggregate amount of Allowed Claims in the Case. These estimates are based on an analysis of the Schedules filed by the Debtor, the Proofs of Claims filed by Creditors, and certain other documents of public record. There can be no assurance that Claims will be allowed by the Bankruptcy Court in the amounts set forth below. The aggregate amount of Allowed Claims may be significantly lowered from the amounts set forth below as the result of objections to Claims which may be brought by the Debtor or through stipulations which may be negotiated with various Creditors.

prior to the February 12, 2018 hearing to approve this Disclosure Statement. If the Stalking Horse is not satisfied with its diligence, the Stalking Horse may walk away from the Stalking Horse Contract. Should that occur, the Debtor reserves the right to amend its Plan and Disclosure Statement to pursue a sale of the Property via an auction without a stalking horse.

Class and Estimated Amount ³	Type of Claim or Equity Interest	Summary of Treatment
\$0.00	Administrative Claims (excluding Claims for professional compensation and reimbursement and Administrative Tax Claims, but including post-petition ordinary course liabilities)	Non-Voting. Subject to the provisions of article 7 of the Plan with respect to Disputed Claims, each Administrative Claim, to the extent not previously paid, shall be paid by the Disbursing Agent in Cash in full on (i) the later of (x) the Effective Date, (y) the date payment of such Claim is due under the terms thereof or applicable law, or (z) three business days after such Claim becomes an Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor and the Holder of such Claim; <i>provided, however,</i> that any Administrative Claim incurred by the Debtor in the ordinary course of its business shall be paid in full or performed by the Post-Effective Date Debtor in accordance with the terms and conditions of the particular transaction giving rise to such Administrative Claim and any agreements relating thereto.
\$0.00	Administrative Tax Claims	Non-Voting. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, all Administrative Tax Claims shall be paid, in Cash, in full either (i) on or prior to the Effective Date, or as soon as practicable thereafter, or (ii) upon such other terms as may be agreed to, in writing, between the Debtor and such Governmental Units on or before the Confirmation Date.

³ Amount based upon scheduled amount and claims filed.

\$64,000	Administrative Claims for Professional Compensation and Reimbursement ⁴	Non-Voting. Each Professional seeking an award by the Bankruptcy Court of Professional Fees shall file its final application for approval of its Professional Fees no later than the Administrative Bar Date. Each Holder of an Allowed Claim for Professional Fees shall receive from the Disbursing Agent, carved out from the Sale Proceeds, with the consent of Foremost, in full satisfaction of such Allowed Claim, Cash in the amount of such Allowed Claim within three days of the entry of a Final Order Allowing such Claim.
\$175,000 ⁵	Priority Tax Claims	Non-Voting. In full satisfaction, release and discharge of Priority Tax Claims, and except as may be otherwise mutually agreed in writing between the Debtor and such Governmental Units, all Allowed Priority Tax Claims shall be paid by the Post-Effective Date Debtor in Cash in full, together with interest on the Effective Date or as soon as practicable thereafter.
Class 1 \$0.00	Priority Non-Tax Claims	Unimpaired. In full satisfaction, release and discharge of the Allowed Priority Non-Tax Claims, each Holder of an Allowed Priority Non-Tax Claim shall receive, on the Effective Date, or as soon as practicable after each such Claim becomes an Allowed Claim, payment from the Disbursing Agent, (i) in Cash in the full amount of its Allowed Priority Non-Tax Claim, or (ii) as may be otherwise agreed in writing between the Debtor and the Holder of such Priority Non-Tax Claim.
Class 2 \$4,584,193.42 ⁶	Foremost Secured Claim	Impaired. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, release and discharge of the Foremost Secured Claim, Foremost shall receive, after payment of Administrative Claims (including Allowed Professional Fees), Priority Claims, Other Secured Claims and the Unsecured Creditors Fund, Cash at Closing from the Sales Proceeds in the amount of the Allowed Foremost Secured Claim. ⁷

4 Any agreement with respect to the waiver and/or modification of fees will be disclosed to the Court and the Office of the United States Trustee.

5 This claim is scheduled as disputed.

6 The Debtor submits that there is a dispute between Foremost and AHG with respect to the relative priority of their

<p>Class 3 \$4,085,883.25</p>	<p>AHG Secured Claim</p>	<p>Unimpaired. Subject to the Provisions of Article 7 with respect to Disputed Claims, after payment of Administrative Claims (including Allowed Professional Fees), Priority Claims, Other Secured Claims, the Unsecured Creditors Fund, and the Foremost Secured Claim, in full satisfaction, release and discharge of the AHG Secured Claim, AHG shall receive at Closing any remaining Sales Proceeds at Closing.</p>
<p>Class 4 \$118,000</p>	<p>Other Secured Claims⁸</p>	<p>Impaired. Subject to the Provisions of Article 7 with respect to Disputed Claims, in full satisfaction, settlement, release and discharge of each Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive at the Closing, or as soon as practicable after each such Other Secured Claim becomes an Allowed Claim, (i) Cash, in the full amount of its Claim from the Sale Proceeds, (ii) such other treatment as to which the Debtor and each Holder of such Other Secured Claim shall have agreed upon in writing, or (iii) such treatment as determined by Final Order of the Court if the Claim is not resolved consensually.</p>
<p>Class 5 \$300,000</p>	<p>Unsecured Claims</p>	<p>Impaired. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, settlement, release and discharge of the Class 5 Unsecured Claims, the Holders of Allowed Class 5 Unsecured Claims against the Debtor shall receive their pro-rata share of the \$30,000 Unsecured Creditors Fund, or, if the Property is sold at auction in an amount in excess of Claims in Classes 1-4, their Pro-Rata share of any Sale Proceeds remaining after payment is made in full to satisfy senior claims.⁹</p>

Secured Claims, however, at this time, the Debtor takes no position.

7 Foremost and AHG shall waive any entitlement to a deficiency claim and shall not share in the Unsecured Creditors Fund.

8 Other Secured Claims consist primarily of real estate taxes.

9 Foremost and AHG shall waive any entitlement to a deficiency claim and shall not share in the Unsecured Creditors Fund.

Class 6	Interests	Impaired. The holders of Interests, if the Property is sold at auction, shall receive the remaining Sale Proceeds, if any, remaining after (i) payment of the Allowed Claims in Classes 1 through 5 and payment in full of Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Fee Claims in full in Cash on the Effective Date, otherwise, any Interests in the Debtor shall be extinguished.
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CONFIRMATION OF THE PLAN

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan, on _____, 2018 at 10:00 a.m., Eastern Standard Time, in the United States Bankruptcy Court for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be filed and served on or before _____ 2018 at _:00 p.m., in the manner described under “ACCEPTANCE AND CONFIRMATION -- Confirmation Hearing.”

At the Confirmation 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 confirming the Plan. The Debtor intends to seek Confirmation of the Plan at the Confirmation Hearing. In the event that any impaired Class of Claims does not accept the Plan, the Debtor may seek a “cram down” Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. **The Debtor believes that the Plan satisfies all applicable requirements of section 1129(a) and section 1129(b) of the Bankruptcy Code.** See “ACCEPTANCE AND CONFIRMATION -- Requirements for Confirmation” for a description of such requirements.

With the entry of the Confirmation Order, pursuant to section 1141(d) of the Bankruptcy Code, except as otherwise provided in the Plan, the distributions provided for in the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims against the Debtor or any of its assets or properties, including any Claim accruing after the Petition Date and before the Confirmation Date. As of the Effective Date, all holders of Claims shall be precluded from asserting any Claim against the Debtor or its assets or properties or other interests in the Debtor based on any transaction or other activity of any kind that occurred before the Confirmation Date except as otherwise provided in the Plan. Confirmation makes the Plan binding upon the Debtor, all Creditors and other parties regardless of whether they have accepted the Plan.

VOTING INSTRUCTIONS — SUMMARY

The following discussion summarizes more detailed voting instructions set forth in the section of this Disclosure Statement entitled “VOTING INSTRUCTIONS.” If you have any questions regarding the timing or manner of casting your ballot, please refer to the “VOTING INSTRUCTIONS” section of this Disclosure Statement and the instructions contained on the ballot that you received with this Disclosure Statement.

General. The Debtor has sent to all of its known Creditors who are in Classes impaired under the Plan a ballot with voting instructions and a copy of this Disclosure Statement. Creditors may refer to the above chart to determine whether they are impaired and entitled to vote on the Plan. Creditors should read the ballot carefully and follow the voting instructions. Creditors should only use the official ballot that accompanies this Disclosure Statement.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by (a) the holders of two-thirds in amount and more than one-half in number of claims in each class who actually vote on the Plan. In the event the requisite acceptances are not obtained, the Bankruptcy Court may nevertheless confirm the Plan if (i) the Bankruptcy Court finds that the Plan accords fair and equitable treatment, and does not discriminate unfairly, with respect to the class rejecting it and (ii) at least one impaired class of creditors excluding insiders has accepted the Plan. See “ACCEPTANCE AND CONFIRMATION -- Requirements for Confirmation” and “EFFECT OF CONFIRMATION.”

As the preceding paragraph makes evident, a successful reorganization depends upon the receipt of a sufficient number of votes in support of the Plan. YOUR VOTE IS THEREFORE EXTREMELY IMPORTANT. Creditors should exercise their right to vote to accept or reject the Plan.

Voting Multiple Claims and Interests. A single form of ballot is provided for each Class of Claims. Any Person who holds Claims in more than one Class is required to vote separately with respect to each Class in which such Person holds Claims. However, any Person who holds more than one Claim in one particular Class will be deemed to hold only a single Claim in such Class in the aggregate amount of all Allowed Claims in such Class held by such Person. Thus each Person need complete only one ballot for each Class.

Deadline for Returning Ballots. The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by the Debtor, no later than 5:00 p.m., Eastern Time, on _____, 2018 at the following address:

Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, 9th Floor
New York, New York 10022
Attention: Robert M. Sasloff, Esq.

Voting Questions. If you have any questions regarding the provisions or requirements for voting to accept the Plan or require assistance in completing your ballot, you may contact Robert M. Sasloff, Esq. at (212) 603-6329.

NOTICE TO HOLDERS OF CLAIMS AND INTERESTS

This Disclosure Statement and the accompanying ballots are being furnished by the Debtor to the Debtor's known Creditors pursuant to section 1125(b) of the Bankruptcy Code in connection with a solicitation of acceptances of a plan of reorganization by the Debtor. The Plan is filed with the Bankruptcy Court and is incorporated herein by reference. Parties in interest may view the Plan on the Internet at <http://www.nysb.uscourts.gov>.¹⁰

The purpose of this Disclosure Statement is to enable you, as a Creditor whose Claim is in a Class impaired under the Plan, to make an informed decision in exercising your right to accept or reject the Plan.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTORS. THE STATEMENTS AND OPINIONS SET FORTH HEREIN ARE THOSE OF THE DEBTORS, AND NO OTHER PARTY HAS ANY RESPONSIBILITY WITH RESPECT THERETO.

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN PROPOSED BY THE DEBTOR. PLEASE READ THIS DOCUMENT WITH CARE.

THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY BANKRUPTCY COURT, THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE PLAN OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

The historical information concerning the Debtor has been prepared using the Debtor's books and records and certain filings made with the Bankruptcy Court. The estimates of Claims set forth herein may vary from the final amounts of Claims allowed by the Bankruptcy Court. While every effort has been made to ensure the accuracy of all such information, except as noted in the Disclosure Statement, the information presented herein is unaudited and has not been examined, reviewed or compiled by the Debtor's independent public accountants.

¹⁰ A password is necessary for access to view documents on the Internet.

This Disclosure Statement contains a summary of certain provisions of the Plan and the transactions contemplated thereunder, and may contain descriptions of certain other related documents, if any. While the Debtor believes that these summaries are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents. Reference is made to the Plan and the documents referred to herein and therein, if any, for a complete statement of the terms and provisions thereof. In the event of any inconsistency between the terms of the Plan and this Disclosure Statement, the terms of the Plan shall be controlling. In reviewing the Plan and this Disclosure Statement, the reader should give special attention to "RISK FACTORS." No statements or information concerning the Debtor or its future business operations, results of operations or financial condition, are authorized by the Debtor other than as set forth in this Disclosure Statement, the Plan and the exhibits hereto.

The statements contained in this Disclosure Statement are made as of the date hereof unless another time is specified herein. The delivery of this Disclosure Statement shall not create, under any circumstances, an implication that there has been no change in the facts set forth herein since the date hereof.

This Disclosure Statement is intended for the sole use of Holders of Claims and Interests to make an informed decision about the Plan. Each Holder of a Claim and Interest should review this Disclosure Statement, the Plan and all exhibits hereto before casting a ballot. Holders of Claims and Interest are urged to consult with their own legal and financial advisors.

No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. No Person has been authorized to use or promulgate any information concerning the Debtor or its business or the Plan, other than the information contained in this Disclosure Statement and the exhibits hereto. You should not rely on any information relating to the Debtor or its business or the Plan other than that contained in this Disclosure Statement and the exhibits hereto.

RECOMMENDATION

In the Debtor's opinion, the treatment of Creditors under the Plan provides a greater recovery than is likely to be achieved under any other alternatives, including liquidation under Chapter 7. See "ALTERNATIVES TO THE PLAN." In particular, the Debtor believes that in a Chapter 7 liquidation: administrative costs will be greater and only to the extent the Property was sold for a purchase price far in excess of the Foremost Secured Claim and AHG Secured Claim, would Unsecured Creditors receive any distribution on account of their Allowed Claims. Further, the Debtor believes that the value of any distribution in a chapter 7 liquidation case will be discounted by the litigation and delays which will precede any such distribution.

THE DEBTOR BELIEVES THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND THEIR INTEREST HOLDERS AND URGES EACH CREDITOR AND INTEREST HOLDER ENTITLED TO VOTE TO ACCEPT THE PLAN.

SIGNIFICANT EVENTS IN THE CHAPTER 11 CASE

On October 20, 2017, the Petition Date, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York. The following discussion is intended to highlight some of the more significant events which have occurred during the pendency of the Debtor's case.

RETENTION OF PROFESSIONALS

Section 327(a) of the Bankruptcy Code provides that a debtor, with the court's approval, may employ one or more accountants or other professional persons that do not hold or represent an interest adverse to the estate and that are disinterested persons to represent or assist the debtor in carrying out its duties under the Bankruptcy Code. 11 U.S.C. § 327(a).

On December 1, 2017, the Debtor sought authority from the Bankruptcy Court to retain the law firm of Robinson Brog Leinwand Greene Genovese & Gluck P.C., as its counsel. The application was granted pursuant to an order signed on December 4, 2017.

On November 2, 2017, the Debtor filed an application for authority to retain NAI CIR as real estate broker. An order authorizing the retention of NAI CIR was entered on December 19, 2017.

BAR DATE

In accordance with the requirements of section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, the Debtor filed its schedules of assets and liabilities, including schedules of all of their known creditors and the amounts and priorities of the Claims the Debtor believes is owed to such creditors. Pursuant to section 501 of the Bankruptcy Code, any creditor may file a Proof of Claim and, unless disputed, such filed Proof of Claim supersedes the amount and priority set forth in the Debtor's schedules. By order of the Bankruptcy Court entered on November 21, 2017, December 26, 2017 was set as the last day for creditors to file Proofs of Claim in the Debtor's Chapter 11 case.

There can be no assurance that the Allowed Claims as determined by the Bankruptcy Court will be in the amounts and priorities stated in the Schedules filed by the Debtor or the Proofs of Claim filed by the Creditors.

OPERATING REPORTS

Pursuant to the requirements of the Office of the United States Trustee for the Southern District of New York, the Debtor has been preparing and filing monthly operating reports with the Bankruptcy Court. Copies of such reports may be obtained (i) from the Bankruptcy Court during normal business hours, (ii) upon written request made to counsel for

the Debtor, or (iii) from the Bankruptcy Court's Electronic Case Filing System ("ECF")¹¹ which may be accessed at the Bankruptcy Court's Internet website at www.nysb.uscourts.gov.

SUMMARY OF THE PLAN

The following summary of the terms of the Plan is qualified in its entirety by reference to the provisions of the Plan, a copy of which is filed with the Clerk of the Bankruptcy Court and which is incorporated herein by reference.

CLASSIFICATION OF CLAIMS AND INTERESTS

Classification of Claims is governed, in part, by sections 1122 and 1123(a) of the Bankruptcy Code. Section 1123(a) requires that a plan designate classes of claims, requires that the plan specify the treatment of any impaired class of claims, and requires that the plan provide the same treatment for each claim of a particular class, unless the holder of a claim receiving less favorable treatment consents to such treatment. 11 U.S.C. §1123(a)(1), (3) and (4). Section 1122(a) of the Bankruptcy Code provides, subject to an exception for administrative convenience, that "a plan may place a claim or interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."

Article 3 of the Plan classifies the various Claims against and Interests in the Debtor into four classes of Claims and one class of Interests:

Class 1 – Priority Non-Tax Claims. Class 1 consists of all Priority Non-Tax Claims.

Class 2 – Foremost Secured Claim. Class 2 consists of the Foremost Secured Claim.

Class 3 – AHG Secured Claim. Class 3 consists of the AHG Secured Claim.

Class 4 – Other Secured Claims. Class 4 consists of Other Secured Claims.

Class 5 – Unsecured Claims. Class 5 consists of all Unsecured Claims.

Class 6 – Interests. Class 6 consists of all Interests in the Debtor.

As set forth in Article 2 of the Plan, pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Claims against the Debtor have not been classified. See "SUMMARY OF THE PLAN -- Treatment of Non-Classified Claims."

¹¹ Filing documents on the ECF requires a password which an attorney may obtain by contacting the Bankruptcy Court's technical assistance department, Monday through Friday, 9:00 a.m. to 4:00 p.m.

Allowed Claims in Class 1 and 4 are unimpaired and are not entitled to vote on the Plan, as such term is used in section 1124 of the Bankruptcy Code. Allowed Claims in Classes 2, 3, and 5 and Allowed Interests in Class 6 are impaired and are entitled to vote to accept or reject the Plan.

TREATMENT OF CLAIMS CLASSIFIED UNDER THE PLAN

Article 4 of the Plan provide for the treatment of impaired and unimpaired Claims classified in Article 3 of the Plan as follows:

Class 1 –Priority Non-Tax Claims. In full satisfaction, release and discharge of the Allowed Priority Non-Tax Claims, each Holder of an Allowed Priority Non-Tax Claim shall receive, on the Effective Date, or as soon as practicable after each such Claim becomes an Allowed Claim, payment from the Disbursing Agent, (i) in Cash in the full amount of its Allowed Priority Non-Tax Claim, or (ii) as may be otherwise agreed in writing between the Debtor and the Holder of such Priority Non-Tax Claim.

Class 2 – Foremost Secured Claim. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, release and discharge of the Foremost Secured Claim, Foremost shall receive, after payment of Administrative Claims (including Allowed Professional Fees), Priority Claims, Other Secured Claims and the Unsecured Creditors Fund, Cash at Closing from the Sales Proceeds in the amount of the Allowed Foremost Secured Claim.

Class 3 – AHG Secured Claim. Subject to the Provisions of Article 7 with respect to Disputed Claims, after payment of Administrative Claims (including Allowed Professional Fees), Priority Claims, Other Secured Claims, the Unsecured Creditors Fund, and the Foremost Secured Claim, in full satisfaction, release and discharge of the AHG Secured Claim, AHG shall receive at Closing any remaining Sales Proceeds at Closing.

Class 4 –Other Secured Claims. Subject to the Provisions of Article 7 with respect to Disputed Claims, in full satisfaction, settlement, release and discharge of each Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive at the Closing, or as soon as practicable after each such Other Secured Claim becomes an Allowed Claim, (i) Cash, in the full amount of its Claim from the Sale Proceeds, (ii) such other treatment as to which the Debtor and each Holder of such Other Secured Claim shall have agreed upon in writing, or (iii) such treatment as determined by Final Order of the Court if the Claim is not resolved consensually.

Class 5 –Unsecured Claims. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, in full satisfaction, settlement, release and discharge of the Class 5 Unsecured Claims, the Holders of Allowed Class 5 Unsecured Claims against the Debtor shall receive their pro-rata share of the \$30,000 Unsecured Creditors Fund, or, if the

Property is sold at auction in an amount in excess of Claims in Classes 1-4, their Pro-Rata share of any Sale Proceeds remaining after payment is made in full to satisfy senior claims.¹²

Class 6 –Interests. The holders of Interests, if the Property is sold at auction, shall receive the remaining Sale Proceeds, if any, remaining after (i) payment of the Allowed Claims in Classes 1 through 5 and payment in full of Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Fee Claims in full in Cash on the Effective Date, otherwise, any Interests in the Debtor shall be extinguished.

TREATMENT OF NON-CLASSIFIED CLAIMS

Pursuant to section 1123(a)(1) of the Bankruptcy Code, the Plan does not classify Administrative Claims entitled to priority treatment under section 507(a)(1) of the Bankruptcy Code or Claims of Governmental Units entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code. Article 2 of the Plan provides for the manner of treatment of such non-classified Claims.

Administrative Claims. Administrative Claims are the costs and expenses of administration of this Case, Allowed under section 503(b) of the Bankruptcy Code, other than Bankruptcy Fees. Administrative Claims include Claims for the provision of goods and services to the Debtor after the Petition Date, the liabilities incurred in the ordinary course of the Debtor's business (other than claims of governmental units for taxes or interest or penalties related to such taxes) after the Petition Date, Claims of Professionals, such as attorneys, appraisers, and accountants, retained pursuant to an order of the Bankruptcy Court, for compensation and reimbursement of expenses under section 330 of the Bankruptcy Code, and tax claims for the period from the Petition Date to the Effective Date of the Plan.

Subject to the provisions of article 7 of the Plan with respect to Disputed Claims, and subject to the carve out from Foremost, each Administrative Claim, to the extent not previously paid, shall be paid by the Disbursing Agent in Cash in full on (i) the later of (x) the Effective Date, (y) the date payment of such Claim is due under the terms thereof or applicable law, or (z) three business days after such Claim becomes an Administrative Claim or (ii) as may be otherwise mutually agreed in writing between the Debtor and the Holder of such Claim; *provided, however,* that any Administrative Claim incurred by the Debtor in the ordinary course of its business shall be paid in full or performed by the Post-Effective Date Debtor in accordance with the terms and conditions of the particular transaction giving rise to such Administrative Claim and any agreements relating thereto.

Article 2 of the Plan sets a final date for the filing of Administrative Claims against the Debtor. The Administrative Bar Date is the first Business Day which is at least 60

¹² Foremost and AHG shall waive any entitlement to a deficiency claim and shall not share in the Unsecured Creditors Fund.

days after the Effective Date. In the event that the Plan is confirmed, the Debtor shall deliver a notice of such bar date to all parties-in-interest.

Professionals' Fees. Section 330 of the Bankruptcy Code sets the standard for the determination by the Bankruptcy Court of the appropriateness of fees to be awarded to professionals retained by a debtor in a case under the Bankruptcy Code. In general, "bankruptcy legal services are entitled to command the same competency of counsel as other cases. In that light, the policy of this section is to compensate attorneys and other professionals serving in a case under title 11 at the same rate as the attorney or other professional would be compensated for performing comparable service other than in a case under title 11." 124 Cong. Rec. H11091 (Daily ed. Sept. 28, 1978).

With respect to Professionals' Fees, the Plan provides that, subject to the approval of compensation and reimbursement of expenses pursuant to sections 330 of the Bankruptcy Code, the Debtor shall pay the Administrative Claims held by Bankruptcy Professionals as follows:

Each Professional seeking an award by the Bankruptcy Court of Professional Fees shall file its final application for approval of its Professional Fees no later than the Administrative Bar Date. Each Holder of an Allowed Claim for Professional Fees shall receive from the Disbursing Agent, carved out from the Sale Proceeds, with the consent of Foremost, in full satisfaction of such Allowed Claim, Cash in the amount of such Allowed Claim within three days of the entry of a Final Order Allowing such Claim.

Administrative Tax Claims. Subject to the provisions of Article 7 of the Plan with respect to Disputed Claims, all Administrative Tax Claims shall be paid, in Cash, in full either (i) on or prior to the Effective Date, or as soon as practicable thereafter, or (ii) upon such other terms as may be agreed to, in writing, between the Debtor and such Governmental Units on or before the Confirmation Date.

Priority Tax Claims. In full satisfaction, release and discharge of Priority Tax Claims, and except as may be otherwise mutually agreed in writing between the Debtor and such Governmental Units, all Allowed Priority Tax Claims shall be paid by the Post-Effective Date Debtor in Cash in full, together with interest on the Effective Date or as soon as practicable thereafter.

Bankruptcy Fees. All fees and charges assessed against the Debtor under section 1930 of title 28 of the United States Code shall be paid by the Post-Effective Date Debtor, in full, in Cash on the Effective Date, until the closing, conversion or dismissal of this Case, whichever is earlier.

DISPUTED CLAIMS AND INTERESTS

Article 7 of the Plan contains a mechanism for resolving disputes concerning the amount of certain Claims or Interests asserted against the Debtor by any Entity.

Time to Object. Unless otherwise ordered by the Bankruptcy Court for cause, objections to the allowance of any Claim may be filed no later than the later to occur of (i) 60 days after the Effective Date and (ii) 60 days after the date proof of such Claim or Interest or a request for payment of such Claim is filed. Claims shall be deemed to be Disputed in their entirety if, (i) the amount specified in a Proof of Claim exceeds the amount of any corresponding Claim listed in the Schedules or (ii) there is a timely objection to such Claim.

DISTRIBUTIONS UNDER THE PLAN

Article 7 contains provisions governing the making of distributions on account of Claims

Disbursing Agent. The Post Effective Date Debtor shall be the Disbursing Agent to make distributions under the Plan. The Disbursing Agent shall distribute all Cash or other property to be distributed under the Plan and may employ or contract such third parties as may be necessary to assist in or perform the distribution of Cash or other property under the Plan. Pending the final distribution of all sums distributable under the terms of the Plan (including the delivery to the Post Effective Date Debtor of unclaimed distributions pursuant to section 7.14 of the Plan), the Disbursing Agent shall have full authority to sign checks on any bank account of the Post Effective Date Debtor to the extent necessary to make any payment or distribution contemplated by the Plan.

Timing of Distributions Under the Plan. Subject to sections 7.6 and 7.8 of the Plan, any payments, distributions or other performance to be made pursuant to the Plan on account of any Disputed Claim, shall be deemed to be timely made if made on or within five days following the later of (i) the expiration of any applicable objection deadline with respect to such Disputed Claim or (ii) such other times provided in the Plan.

Method of Payment. Unless otherwise expressly agreed, in writing, all Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank.

Claims Objection Deadline. Unless otherwise ordered by the Bankruptcy Court, the Debtor or the Post Effective Date Debtor may file and serve any objection to any Claim or Interest at any time, but in no event after the later to occur of (i) 60 days after the Effective Date, or (ii) 60 days after the date proof of such Claim or Interest or a request for payment of such Claim is filed.

Prosecution of Objections. After the Confirmation Date, only the Post Effective Date Debtor shall have authority to file, settle, compromise, withdraw or litigate to judgment objections to Disputed Claim.

No Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no payment or distribution of any kind shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order.

Escrow of Cash Distributions. (a) On any date that distributions are to be made under the terms of the Plan, the Post Effective Date Debtor shall make available any and all funds required under Plan to be disbursed on that date, and the Disbursing Agent shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto, including, but not limited to (i) Disputed Claims that may be entitled to treatment as Administrative Claims or as Priority Non-Tax Claims pursuant to sections 503 and 507 of the Bankruptcy Code, (ii) claims of Governmental Units for any tax, (iii) any disputed Cure Amount, and (iv) any amount due but not payable on the Effective Date on account of Administrative Claims or claims entitled to priority pursuant to section 503 and 507 of the Bankruptcy Code. The Disbursing Agent shall also segregate any interest, dividends or other proceeds of such Cash. Such Cash together with any interest, dividends or proceeds thereof, be held in trust for the benefit of the Holders of all such Disputed Claims pending determination of their entitlement thereto.

(b) The Post Effective Date Debtor shall have the right to seek an order of the Bankruptcy Court under section 502(c) of the Bankruptcy Code, after notice and hearing, estimating or limiting the amount of Cash that must be so deposited on account of any Disputed Claim, including Administrative Expenses. Any Creditor whose Claim is so estimated shall have no recourse to any assets theretofore distributed on account of any Allowed Claim if the Allowed Claim of that Creditor as determined by Final Order exceeds the amount so deposited. Such Creditor shall have recourse first, to the undistributed assets in the Disputed Claims Reserve (on a Pro Rata basis with other Creditors of the same Class who are similarly situated) that exceed the aggregate amount of all Disputed Claims allowed by Final Order, or not yet resolved, and second any unpaid amount shall be an obligation of the Post Effective Date Debtor.

Distribution After Allowance. Within 15 days after the entry of a Final Order resolving an objection to a Disputed Claim, the Disbursing Agent shall distribute all Cash or other property, including any interest, dividends or proceeds thereof, to which a Holder is then entitled with respect to any formerly Disputed Claim that has become an Allowed Claim.

Investment of Segregated Cash. To the extent practicable, the Disbursing Agent may invest any Cash segregated on account of a Disputed Claim, disputed Interest, undeliverable distribution, or any proceeds thereof (i) in a manner that will yield a reasonable net return taking into account the safety of the investment or (ii) in any manner permitted by section 345 of the Bankruptcy Code; *provided, however*, that the Disbursing Agent shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash or proceeds. Segregated Cash shall be maintained in an authorized depository.

Distribution After Disallowance. Subject to section 7.7 of the Plan, the Cash segregated on account of Disputed Claims, including the allocable portion of the net return yielded from any investment thereof, if any, remaining after all Disputed Claims have been resolved by Final Order shall revert to the Post Effective Date Debtor for distribution under the Plan.

Surrender of Instruments; Execution of Satisfactions and Releases.

(a) Notwithstanding any other provision of the Plan, no Creditor that holds a note or other instrument evidencing such Creditor's Claim may receive any distribution with respect to such Claim unless and until the original note or other original instrument evidencing such Claim shall have been validly surrendered to the Disbursing Agent at the sole cost and expense of such Creditor.

(b) Any Cash or property to be distributed pursuant to the Plan on account of any such Claim shall, pending such surrender, be treated as an undeliverable distribution pursuant to section 7.13 of the Plan.

(c) In the event any Creditor is unable to surrender a note or other instrument evidencing a Claim against the Debtor that has been destroyed, lost or stolen, such entity may receive a distribution with respect to such Claim by presenting to the Disbursing Agent, in a form acceptable to the Disbursing Agent: (i) proof of such entity's title to such Claim; (ii) an affidavit to the effect that the same has been lost and after diligent search cannot be located; and (iii) such indemnification as may be required by the Disbursing Agent and all other entities deemed appropriate by the Disbursing Agent from any loss, action, suit or any claim whatsoever which may be made as a result of such entity's receipt of a distribution under the Plan.

(d) All questions as to the validity, form or eligibility of any note or other instrument evidencing a Claim so surrendered shall be resolved by Final Order of the Bankruptcy Court. The Disbursing Agent shall not be under any duty to give notification of defects in such tender or shall incur liability for failure to give notification of such defects.

Delivery of Distributions. Except as provided in sections 7.13, 7.14 and 7.15 of the Plan, distributions to Holders of Allowed Claims and Allowed Interests shall be made: (1) at the addresses set forth on the respective Proofs of Claim or Proofs of Interests filed by such Holders; (2) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related Proof of Claim; or (3) at the address reflected in the Schedules if no Proof of Claim or Proof of Interest is filed and the Disbursing Agent has not received a written notice of a change of address.

Undeliverable Distributions. (a) If the distribution to the Holder of any Claim or Interest is returned to the Disbursing Agent as undeliverable, no further distribution shall be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then current address. Undeliverable distributions shall remain in the possession of the Disbursing Agent until the earlier of (i) such time as a distribution becomes deliverable or (ii)

such undeliverable distribution becomes an unclaimed distribution pursuant to section 7.14 of the Plan.

(b) Until such time as an undeliverable distribution becomes an unclaimed distribution pursuant to section 7.14 of the Plan, within 30 days after the end of each calendar quarter following the Effective Date, the Disbursing Agent shall make distributions of all Cash that has become deliverable during the preceding quarter. Each such distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such distribution would have been due had it then been deliverable to the date that such distribution becomes deliverable.

(c) Nothing contained in the Plan shall require the Post Effective Date Debtor to attempt to locate any Holder of an Allowed Claim or an Allowed Interest.

Unclaimed Distributions. Any Cash or other assets to be distributed under the Plan shall revert to the Post Effective Date Debtor if it is not claimed by the entity entitled thereto before the later of (i) one year after the Effective Date; (ii) one year after such scheduled payment to such entity under Article 4 of this Plan; or (iii) one year after an Order allowing the Claim of that entity becomes a Final Order, and such entity's Claim shall be reduced to zero.

Set-offs. The Post Effective Date Debtor, as Disbursing Agent, may, but shall not be required to, set-off against the distributions to be made pursuant to the Plan, the claims, obligations, rights, causes of action and liabilities of any nature that the Post Effective Date Debtor may hold against the Holder of an Allowed Claim, *provided, however*, that neither the failure to effect such a set-off nor the allowance of any claim hereunder shall constitute a waiver or release by the Post Effective Date Debtor of any such claims, obligations, rights, causes of action and liabilities that the Debtor (or the Post Effective Date Debtor) has or may have against such Holder. To the extent the Post Effective Date Debtor elect to effectuate a set-off, it shall notify the Holder of the Allowed Claim in writing at least ten (10) days prior to effectuating the set-off. To the extent the Holder of an Allowed Claim objects to the set-off, a written objection shall be provided to the Post Effective Date Debtor, as Disbursing Agent, no later than three (3) days prior to the set-off date or the objection shall be waived.

COMPLIANCE WITH TAX REQUIREMENTS

In connection with the Plan, the Disbursing Agent shall comply with all withholding and reporting requirements imposed by federal, state and local taxing authorities and distributions under the Plan shall be subject to such withholding and reporting requirements provided, however, that the transfer of any Cash, property or other interest under the Plan shall not be subject to any federal, state or local tax to the fullest extent provided under section 1146 of the Bankruptcy Code.

EFFECTIVE DATE

The Effective Date of the Plan shall be the first Business Day after which all of the conditions to the Effective Date, specified in section 11.1 of the Plan, have been satisfied.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

The Debtor is not a party to any Executory Contracts or Unexpired Leases.

IMPLEMENTATION OF THE PLAN

Implementation. The Plan shall be implemented by the sale of the Property pursuant to the bid procedures which are attached to the Disclosure Statement. If the Property is not sold pursuant to the bid procedures, then the Plan shall be implemented by the sale of the Property pursuant to the Stalking Horse Contract, which provides for \$5,700,000 to fund payments under the Plan. The Confirmation Order shall contain appropriate provisions, consistent with section 1142 of the Bankruptcy Code, directing the Debtor/Post Effective Date Debtor and any other necessary party to execute or deliver or to join in the execution or delivery of any instrument required to effect a transfer the Property of the Debtor as required by the Plan and to perform any act, including the satisfaction of any lien, that is necessary for the consummation of the Plan.

Additionally, the Confirmation Order shall authorize the sale of the Property, free and clear of Liens, Claims and encumbrances, under sections 363(b) and (f), 365, 1123(b)(4), 1129(b)(2)(A)(ii), 1129(b)(2)(A)(iii) and 1146(a) of the Bankruptcy Code. The Confirmation Order shall authorize the Debtor to take any and all actions necessary consummate the sale of the Property without further order of the Bankruptcy Court.

Plan Funding. The Plan shall be funded by either the \$5,700,000 in cash as provided in the Stalking Horse Contract, or, if the Property is sold at auction to someone other than the Stalking Horse, from the Sale Proceeds of the sale of the Property to the Successful Purchaser, which proceeds shall be used to satisfy payments due consistent with the terms of this Plan, to the extent available.

Vesting of Assets. Except as otherwise provided in the Plan, at the Closing, the Property and any other purchased assets, shall either vest in the Stalking Horse as set forth in the Stalking Horse Contract, or if the Property is sold at auction, the Successful Purchaser at auction, free and clear of all Liens, Claims, and encumbrances. At the Closing, any and all Liens, Claims, and encumbrances that have not been expressly preserved under the Plan shall be deemed extinguished as of such date. Any remaining property of the Estate shall re-vest in the Post-Effective Date Debtor who may operate, buy, use, acquire, and dispose of the property of the Estate and may settle and compromise any claims, interests and causes of action in accordance with the provisions of the Bankruptcy Code and the Bankruptcy Rules.

Execution of Documents. (a) On the Effective Date, the Debtor, and any necessary party thereto, shall execute, release and deliver all documents reasonably necessary to consummate the transactions contemplated by the terms and conditions of the Plan.

(b) Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, the Debtor/Post Effective Date Debtor shall be authorized to execute, in the name of any necessary party any estoppel certificate, or any notice of satisfaction, release or discharge of any Lien, Claim or encumbrance (including, any Lien, Claim or encumbrance that is to be released and satisfied upon the Debtor' compliance with the provisions of article 4 of the Plan) not expressly preserved in the Plan and deliver such notices to any and all federal, state and local governmental agencies or departments for filing and recordation, and the Confirmation Order shall expressly so provide.

Filing of Documents. Pursuant to sections 105, 1141(c) and 1142(b) of the Bankruptcy Code, each and every federal, state and local governmental agency or department, shall be directed to accept and record any and all documents and instruments necessary, useful or appropriate to effectuate, implement and consummate the transactions contemplated by the Plan, and any and all notices of satisfaction, release or discharge or assignment of any Lien, Claim or encumbrance not expressly preserved by the Plan.

Distributions. Except as set forth elsewhere in the Plan, all payments required to be made under the Plan shall be made by the Disbursing Agent for disbursement in accordance with the terms of the Plan.

Preservation of Rights of Action. Except as otherwise provided in the Plan, or in any contract, instrument, release or other agreement entered into in connection with the Plan, the Post Effective Date Debtor shall retain any claims, rights and causes of action (i) arising under sections 510 and 544 through 550 of the Bankruptcy Code or (ii) belonging to the Debtor as of the Petition Date, or the Estate of the Debtor, and arising under any provision of state or federal law, or any theory of statutory or common law or equity.

Debtor believes that the Plan will result in a 100% distribution to Allowed Claims. As such, Debtor does not presently anticipate pursuing any claims, rights and causes of action (i) arising under sections 510 and 544 through 550 of the Bankruptcy Code or (ii) belonging to the Debtor as of the Petition Date, or the Estate of the Debtor, and arising under any provision of state or federal law, or any theory of statutory or common law or equity and has determined not to pursue any such claims prior to the conclusion of the sale of the Property. Debtor does not believe any such claims, rights and/or causes of action exist, but reserves all right to pursue any such claims, rights and/or causes of action.

Any recovery received by the Post Effective Date Debtor through the prosecution, settlement or collection of any such claim, right or cause of action, shall be retained by the Post Effective Date Debtor following the satisfaction of all other Allowed Claims under the terms of the Plan to be distributed as provided in the Plan to Holders of Interests.

Notwithstanding any provision of the Plan to the contrary, definitions and descriptions contained herein respecting pre-Petition Date documents, agreements or claims are provided solely for the purpose of identification and classification thereof and do not constitute an admission by the Debtor of the existence, validity allowance, or amount of any such claim, document or agreement. The Debtor and the Post Effective Date Debtor expressly reserve the right to challenge the existence, validity, allowance, or amount of any such claim, document or agreement.

Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security and the making or delivery of any instrument of transfer in connection with or in furtherance of the Plan, (including any instrument executed in furtherance of the transactions contemplated by the Plan), shall not be subject to tax under any law imposing a stamp tax, mortgage recording tax or similar tax, including any such taxes due on the refinancing or sale of the Property as contemplated by the Plan, and to the extent provided by 1146(a), if any, shall not be subject to any state, local or federal law imposing such tax.

Post-Confirmation Management. The Debtor shall continue in existence as the Post Effective Date Debtor whose activities shall be limited to matters related to the implementation of the Plan and matters reasonably incidental thereto. The Post Effective Date Debtor will have all of the rights, powers and duties necessary to carry out its responsibilities under the Plan. As soon as practicable after the Closing, the Post Effective Date Debtor shall take all necessary steps to effectuate its dissolution in accordance with applicable law.

MISCELLANEOUS PROVISIONS

MODIFICATION AND REVOCATION OF THE PLAN

The Plan may be altered, amended or modified by the Debtor, at any time before the substantial consummation of the Plan, as provided in sections 1101(a) and 1127 of the Bankruptcy Code and Bankruptcy Rule 3019. Section 1127 of the Bankruptcy Code authorizes the proponent of a plan of reorganization to modify such plan at any time prior to confirmation of the plan so long as the plan, as modified, continues to meet certain technical requirements of sections 1122 and 1123 of the Bankruptcy Code with respect to the classification of Claims and Interests and the contents of a plan. Prior to Confirmation, if a proponent files modifications to a plan, pursuant to section 1127(a) “the plan as modified becomes the plan.” No order of the Court is required to modify the Plan under the terms of section 1127(a); however, the proponent of a modification to a plan must comply with section 1125 of the Bankruptcy Code with respect to the plan as modified. In other words, if a modification materially alters the treatment of any Creditor who has accepted the Plan, the Debtor will be required to make additional disclosures to those Creditors whose treatment has been materially and adversely altered and give such Creditors an opportunity to change their votes.

The Debtor may revoke or withdraw the Plan at any time prior to entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, or if no Confirmation Order is entered, the Plan shall be null and void, and nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against or any interest in, the Debtor; or (ii) prejudice in any manner the rights of the Debtor in any further proceedings involving the Debtor or any other party, or its Estate.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, until the Case is closed, the Bankruptcy Court shall retain and have original, but not exclusive, jurisdiction to:

i) Insure that the Plan is consummated, and to enter any Order pursuant to section 1142(b) of the Bankruptcy Code, to compel the Debtor, the Interest Holders and any other necessary party, to take such action and execute such documents to effectuate the Plan;

ii) Consider any modification of the Plan proposed pursuant to section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019;

iii) Allow, disallow, determine, liquidate, classify or establish the priority, secured or unsecured status of any Claim or Interest, including, without limitation, the resolution of any request for payment of any Administrative Expense, the resolution of any and all objections to the allowance or priority of Claims or Interests, and the resolution of any adversary proceeding;

iv) Grant or deny any and all applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for any period ending on or before the Effective Date;

v) Resolve any motions pending on the Effective Date to assume, assume and assign or reject any Executory Contract or Unexpired Lease to which the Debtor is a party or with respect to which the Debtor may be liable and to hear, determine and if necessary, liquidate, any and all Claims arising therefrom;

vi) Ensure that distributions to Holders of Allowed Claims and Allowed Interests are accomplished in accordance with the provisions of this Plan;

vii) Decide or otherwise resolve any and all applications, motions, adversary proceedings, contested or litigated matters, and any other matters or grant or deny any applications involving the Debtor that may be pending on the Effective Date;

viii) Enter such Orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and

other agreements or documents created in connection with the Plan or Disclosure Statement or to enforce all orders, judgments, injunctions, and rulings entered in connection with the Case, including, but not limited to any Order necessary to enforce the provisions of article 7 of the Plan;

ix) Resolve any and all controversies, suits or issues that may arise in connection with the consummation, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

x) Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code, or to modify the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or Disclosure Statement;

xi) Remedy any defect or omission or reconcile any inconsistency in any Order, the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan, to the extent authorized herein or in the Bankruptcy Code;

xii) Issue any injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

xiii) Enter and implement such Orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

xiv) Determine any dispute arising under or related to the Plan, including, without limitation, any dispute concerning the scope or effect of any release or discharge provided for by the Plan or the Confirmation Order.

xv) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan or Disclosure Statement; and

xvi) Enter an Order or Final Decree concluding the Case.

RISK FACTORS

Although the Debtor believes that it will be able to meet all of the obligations that it is undertaking pursuant to the Plan there can be no assurance that future events will not cause the Debtor to default on one or more of its obligations under the Plan or that the closing will occur.

CONFIRMATION OF THE PLAN

All distributions to Creditors are contingent on the Plan being confirmed by this Court. Otherwise, the Debtor is not obligated, in any way, to make the payments required hereunder.

RISK OF SUBSEQUENT REORGANIZATION OR LIQUIDATION

Although the Debtor believes that the confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtor, there can be no assurance that such liquidation will not occur or that the need for such financial reorganization will not arise.

VOTING INSTRUCTIONS

A Creditor who is entitled to vote may accept or reject the Plan by executing and returning to the Balloting Agent (as defined below) the ballot (a "Ballot") that was sent out with this Disclosure Statement. The following instructions govern the time and manner for filing Ballots accepting or rejecting the Plan, withdrawing or revoking a previously filed acceptance or rejection, who may file a Ballot, and procedures for determining the validity or invalidity of any Ballot received by the Balloting Agent.

DEADLINE FOR RECEIPT OF BALLOTS

The solicitation period for votes accepting or rejecting the Plan will expire at 5:00 p.m., Eastern Standard Time, _____, 2018 (the "Voting Deadline"). A Ballot accepting or rejecting the Plan must be received no later than that date and time or it will not be counted in connection with the Confirmation of the Plan or any modification thereof.

BALLOTING AGENT

All votes to accept or reject the Plan must be cast by using the Ballot. Executed Ballots should be returned by _____, 2018 at 5:00 p.m. to:

Robinson Brog Leinwand Greene Genovese & Gluck P.C.
875 Third Avenue, 9th Floor
New York, New York 10022
Attention: Robert M. Sasloff, Esq.

(the "Balloting Agent"). A Creditor entitled to vote who has not received a Ballot, or who's Ballot has been lost, stolen or destroyed, may contact the Balloting Agent at the address indicated above, or call Robert M. Sasloff at (212) 603-6329 to receive a replacement Ballot.

WHO MAY VOTE - IN GENERAL

Claims in Class 1 and 4 are unimpaired and are not entitled to vote on the Plan. Allowed Claims in Classes 2, 3 and 5 and Allowed Interests in Class 6 are impaired and are entitled to vote to accept or reject the Plan.

Ballots Executed in a Representative or Fiduciary Capacity. Ballots executed by the Debtor, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, must indicate the capacity in which such person executed the Ballot and, unless otherwise determined by the Debtor, must submit proper evidence satisfactory to the Debtor of its authority to so act.

Voting Multiple Claims. A single form of ballot is provided for each Class of Claims. Any Person who holds Claims in more than one Class is required to vote separately with respect to each Class in which such Person holds Claims. However, any Person who holds more than one Claim in one particular Class will be deemed to hold only a single Claim in such Class in the aggregate amount of all Allowed Claims in such Class held by such Person. Thus, each Person need complete only one ballot for each Class.

DEFECTS OR IRREGULARITIES

ANY EXECUTED AND TIMELY FILED BALLOT WHICH DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE DEEMED TO BE AN ACCEPTANCE OF THE PLAN.

Where more than one timely and properly completed Ballot is received, the Ballot which bears the latest date will be counted.

The Debtor reserves the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured prior to the deadline for filing timely Ballots. Neither the Debtor, the Balloting Agent, nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots, nor will any of them incur any liability for failure to provide such notification. All questions as to the validity, form, eligibility (including the time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Bankruptcy Court, upon motion and upon such notice and hearing as is appropriate under the circumstances. Unless otherwise directed by the Bankruptcy Court, delivery of Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots as to which any irregularities have not been cured or waived will not be counted toward the acceptance or rejection of the Plan.

REVOCATION OF PREVIOUSLY FILED ACCEPTANCES OR REJECTIONS

Any Creditor who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Balloting Agent at any time prior to the Voting Deadline.

A notice of withdrawal, to be valid, must (i) describe the Claim, as the case may be, if appropriate, represented by such Claim, (ii) be signed by the Creditor in the same manner as the Ballot was signed and (iii) be received by the Balloting Agent on or before the Voting Deadline. The Debtor reserves the absolute right to contest the validity of any such withdrawals of Ballots.

ACCEPTANCE AND CONFIRMATION

CONFIRMATION HEARING

The Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing to consider confirmation of the Plan. The Confirmation Hearing is scheduled to commence on _____, 2018 at 10:00 a.m. in the United States Bankruptcy Court, Southern District of New York, 300 Quarropas Street, White Plains, New York. 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.

Any party in interest may object to Confirmation of the Plan by filing a written objection, setting forth their identity and standing and the facts and authorities upon which any objection is based, in the Office of the Clerk of the Bankruptcy Court, no later than the deadline fixed by the Court and by delivering a courtesy copy to the Chambers of the presiding judge. Copies of all objections must also be served so that they are received, as required by the Court upon (i) Robinson Brog Leinwand Greene Genovese & Gluck P.C., 875 Third Avenue, 9th Fl., New York, New York 10022, Attn.: Robert M. Sasloff, Esq., and (ii) the Office of the United States Trustee, 201 Varick Street, Suite 1006, New York, New York 10014. Any objection that is not timely filed and served as required by any order of this Court, will not be considered by this Court at the Confirmation Hearing.

REQUIREMENTS FOR CONFIRMATION

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. These requirements include determinations by the Bankruptcy Court that: (i) the Plan has classified Claims and Interests in a permissible manner, (ii) the contents of the Plan comply with various technical requirements of the Bankruptcy Code, (iii) the Debtor has proposed the Plan in good faith, (iv) the Debtor has made disclosures concerning the Plan that are adequate and include information concerning all payments made or promised in connection with the Plan and the Case, (v) the Plan is in the “best

interest” of all Creditors, (vi) the Plan is feasible, and (vii) the Plan has been accepted by the requisite number and amount of Creditors in each Class entitled to vote on the Plan, or that the Plan may be confirmed without such acceptances. The Debtor believes that all of these conditions have been or will be met prior to the Confirmation Hearing.

Best Interest Test. The so-called “best interest” test requires that each impaired Creditor and impaired Interest Holder either (a) accepts the Plan or (b) receives or retains under the Plan property of a value, as of the Effective Date of the Plan, that is not less than the value such entity would receive or retain if the Debtor was to be liquidated under chapter 7 of the Bankruptcy Code.

To determine what the holders in each Impaired Class of Claims or Interests would receive if the Debtor was liquidated under chapter 7, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of the Debtor’s assets and properties in a chapter 7 liquidation case. The amount that would be available for satisfaction of Allowed Claims against the Debtor would consist of the proceeds resulting from the sale of the Property. Such amount would be reduced by the amount of any Claim or Claims secured by the Debtor’s assets, the costs and expenses of the liquidation, and such additional Administrative Claims and Priority Claims that may have accrued. Such value is then juxtaposed against the amount creditors are receiving under the Plan to determine if the value each impaired creditor is receiving is the same or more than such creditor would receive from a chapter 7 liquidation on the Confirmation Date.

The costs of liquidation under chapter 7 would become Administrative Claims with the highest priority against the proceeds of liquidation. Such costs would include the fees payable to a chapter 7 Trustee, as well as those which might be payable to attorneys, appraisers, accountants, brokers and other professionals that such a Trustee may engage to assist in the liquidation. In addition, chapter 7 costs would include any liabilities incurred or assumed pursuant to the transactions necessary to effectuate the liquidation. Moreover, claims entitled to administrative priority may arise by reason of any breach or rejection of any executory contracts entered into by the Debtor during the pendency of the Case in chapter 11.

After satisfying Administrative Claims arising in the course of the chapter 7 liquidation, the proceeds of the liquidation would then be payable to satisfy any unpaid expenses incurred during the time the Case was pending under chapter 11, including compensation for attorneys, financial advisors, appraisers, accountants and other professionals retained by the Debtor or any official committee appointed pursuant to section 1102 of the Bankruptcy Code.

After consideration of the effects that a chapter 7 liquidation would have on the proceeds available for distribution including (i) the increased costs and expenses of a chapter 7 liquidation arising from fees payable to a Trustee in bankruptcy and professional advisors to such Trustee, (ii) the erosion in value of the Property in a chapter 7 case in the context of the expeditious liquidation required under chapter 7 and the “forced sale” atmosphere that would prevail, and (iii) the potential tax consequences that would arise from a sale of the Property in a

chapter 7, the Debtor believes that no class of Creditors junior to the combined total of the AHG Secured Claim and the Foremost Secured Claim stands to receive any distribution.

Liquidation Analysis. The Debtor has concluded that the Plan provides to each Creditor recovery with a present value at least equal to the present value of the distribution which such person would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. The Plan provides for a sale in the chapter 11 case with the Sale Proceeds to be distributed to creditors in accordance with the priorities established by the Bankruptcy Code. The Plan also provides for an Unsecured Creditors Fund in the amount of \$30,000 to be established from the cash component of the purchase price set forth in the Stalking Horse Contract for pro-rata distribution to Unsecured Creditors. In the event the Property is sold at auction, there is the potential for additional sums to be available for Pro Rata distribution to Unsecured Creditors on account of their Allowed Claims.

The Debtor believes that in the event its assets were sold in chapter 7 liquidation, all of the proceeds would go to pay chapter 7 administrative claims, bankruptcy fees, chapter 11 administrative claims, and a portion of the AHG Secured Claim and Foremost Secured Claim pending a determination on the priority their Secured Claims. In such event, no funds would be remaining for distribution to any class of creditors junior to the AHG Secured Claim and Foremost Secured Claim. As such, the Debtor believes that no Creditors or Interest Holders would receive a distribution in a Chapter 7 case which is greater than the one they may be entitled to under the Plan.

The Debtor further believes that the net effect of a conversion of this case to chapter 7 would be to (i) increase the administrative expenses of the estate and (ii) decrease the funds available for non-administrative creditors.

The liquidation values stated herein assume that the Property would be liquidated in the context of a chapter 7 case and assumes the present values of such liquidation values as of January 1, 2018. The assumptions utilized in the analysis considered the estimated liquidation value of the Property and estimated amount of Claims that would be allowed, together with an estimate of certain administrative costs and other expenses which would likely result during the liquidation process. While the Debtor believes the assumptions underlying the Liquidation Analysis are reasonable, the validity of such assumptions may be affected by the occurrence of events, and the existence of conditions not now contemplated or by other factors, many of which will be beyond the control of the Bankruptcy Court, the Debtor and any trustee appointed for the Debtor. The actual liquidation value of the Debtor may vary from that considered herein and the variations may be material.

The Debtor has assumed that the Property would be sold within three months in a Chapter 7 liquidation. It is assumed that cash proceeds of liquidating the Property would total approximately \$5,000,000. This discount in the purchase price for the Property is being utilized to take into account the negative impact on values attributed to the Chapter 7 process.

The Debtor believes that the total cash which would be administered in a hypothetical Chapter 7 case would aggregate approximately \$5,000,000 in proceeds from the liquidation sale of the Property. Upon consultation with its advisors, the Debtor assumes for the purposes of this analysis that the cash would be distributed as follows:

Available for distribution **\$5,000,000**
To the payment of:

Chapter 7 Administrative Claims:

Chapter 7 trustee commissions and expenses (approximately 3% of \$5,700,000)	\$171,000
Chapter 7 trustee's professionals (attorneys, appraisers, brokers, auctioneers accountants, etc.)	\$50,000
Foremost Secured Claim	\$4,584,193.42
AHG Secured Claim	\$4,085,883.25
Other Secured Claims/Real Estate Taxes	\$118,000
Priority Tax Claims	\$175,000
Chapter 11 Administrative Claims	\$64,000
General Unsecured Claims	\$300,000

In a chapter 7 liquidation, there would be insufficient funds to satisfy both the Foremost Secured Claim and AHG Secured Claim, in full, resulting in no other funds available to pay any junior classes of claims.

The Plan contemplates payment to more classes of creditors than in a chapter 7 liquidation where there would insufficient funds to satisfy all of the secured creditors and other classes of claims. Accordingly, the Debtor believes that the Plan provides Creditors with at least as much as they would be entitled to receive in a chapter 7 liquidation.

Feasibility. For the Plan to be confirmed, it must be demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor unless such liquidation is set forth in the Plan. The Plan calls for the Debtor's liquidation, distribution of the Sale Proceeds and after the Closing the dissolution of the Post Effective Date Debtor.

Confirmation With the Acceptance of Each Impaired Class. The Plan may be Confirmed, if each impaired Class of Claims accepts the Plan. Classes of Claims which are not impaired are deemed to have accepted the Plan. A Class is impaired if the legal, equitable or contractual rights attaching to the Claims of that Class are modified other than by curing defaults and reinstating maturities or by payment in full in cash.

Holders of Claims impaired by the Plan are entitled to file Ballots accepting or rejecting the Plan. Holders of Claims not impaired by the Plan, are deemed to accept the Plan, and may not vote to accept or reject the Plan. Holders of Claims that will neither receive nor retain any property under the Plan are deemed to reject the Plan.

The Bankruptcy Code defines acceptance of a plan by a Class of Claims as acceptance by the holders of two-thirds in dollar amount and a majority in number of Claims of that Class. Only those Claims, the holders of which actually vote to accept or reject the Plan, are counted for the purpose of determining whether the requisite number and amount of acceptances have been received.

Confirmation Without the Acceptance of Each Impaired Class. In the event that any impaired Class of Claims does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan at the Debtor's request if (i) all other requirements of section 1129(a) of the Bankruptcy Code are satisfied, (ii) at least one impaired Class of Claims votes to accept the Plan without regard to any vote cast on account of a Claim held by "insiders" (as defined in the Bankruptcy Code) and (iii) as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such non-accepting Class. The Debtor believes that the Plan is in the best interest of all Creditors and strongly recommends that all parties entitled to vote cast their ballots in favor of accepting the Plan. Nevertheless, out of an excess of caution, pursuant to the Plan, the Debtor has requested that the Court confirm the Plan over the rejection of any non-accepting class in the event all other elements of section 1129(a) are satisfied.

A plan "does not discriminate unfairly" if the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are intertwined with those of the non-accepting class, and no class receives payments in excess of that which it is legally entitled to receive for its Claims. The Debtor believes that under the Plan all classes of Impaired Claims are treated in a manner that is consistent with the treatment of other classes of Claims with which their legal rights are intertwined, if any, and no class of Claims will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims in such class. Accordingly, the Debtor believes the Plan does not discriminate unfairly as to any impaired class of Claims.

Whether the Plan is fair and equitable depends upon the application of the so-called "absolute priority rule." Subject to certain exceptions, this rule, codified in section 1129(b)(2) of the Bankruptcy Code, generally requires that an impaired Class of Claims that has

not accepted the Plan must be paid in full if a more junior class receives any distribution under the Plan.

With respect to Secured Claims, the absolute priority rule allows the confirmation of a Plan over the rejection of a class of Secured Claims if the holders of such Claims retain their liens and each holder of a Claim of such class receives on account of such Claim deferred cash payments, totaling at least the allowed amount of such Claim, of a value, as of the Effective Date of the plan, of at least the value of such holder's interest in the property securing its Claim. The Debtor's Secured Creditor, Foremost and AHG, will be paid from the Sale Proceeds at least the value of its interest in the Property securing its claim.

With respect to Unsecured Claims, the absolute priority rule allows the confirmation of a Plan over the rejection of a class of Unsecured Claims if the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the Plan on account of such junior claim or interest any property. Unsecured Creditors will each receive their pro rata share of the Unsecured Creditor Fund which is being carved out of Foremost's recovery.

In this case, no payments will be made to the Debtor's Interest Holders, unless all Allowed unsecured claims are paid in full. Moreover, after the Closing and distributions in accordance with the Plan are made, all interests in the Debtor shall be canceled.

With respect to the Allowed Interests, Section 1129(b)(2)(C) requires that the holder of such interest receive any fixed liquidation preference, fixed redemption price or value of such interest, or that no junior interest will receive or retain any property on account of such junior interest. To the best of Debtor's knowledge, Interest Holders are not entitled to any fixed liquidation preference or redemption price and no junior interests are receiving or retaining any property under the Plan. Accordingly, the Plan complies with section 1129(b)(2)(C) of the Bankruptcy Code.

If the Plan is rejected by only one class of impaired creditors, the Debtor requests that the Plan be confirmed under section 1129(b). If the Plan is rejected by only one class of impaired creditors, the Debtor requests that the Plan be confirmed under section 1129(b).

EFFECT OF CONFIRMATION

INJUNCTION

Except (i) as otherwise provided in the Plan, (ii) as otherwise provided under Final Order entered by the Bankruptcy Court or (iii) with respect to the Debtor's obligations under the Plan, the entry of the Confirmation Order shall forever stay, restrain and permanently enjoin with respect to any claim or interest held as of the Effective Date, (a) the commencement or continuation of any action, the employment of process, or any act to collect, enforce, attach, recover or offset from the Property or property of the Estate that has been, or is to be, distributed under the Plan, and (b) the creation, perfection or enforcement of any lien or encumbrance against the Property or property of the Estate that has been, or is to be, distributed under the Plan.

Except as otherwise provided in the Confirmation Order, the entry of the Confirmation Order shall constitute an injunction against the commencement or continuation of any action, the employment of process, or any act, to collect, recover or offset, from the Debtor, the Post-Effective Date Debtor (in its own capacity and as Disbursing Agent) or property of the Estate, any claim, obligation or debt that was held by any person or entity as of the Effective Date except pursuant to the terms of the Plan.

RELEASE

Except as otherwise provided in the Plan, upon the Effective Date, in consideration of the Cash and other property to be distributed to or on behalf of the holders of Claims and Interests under the Plan, the Plan shall be deemed to resolve all disputes and constitute a settlement and release, between and among the Debtor, on the one hand, and each Creditor and Interest Holder, on the other, from any claim or liability, whether legal, equitable, contractual, secured, unsecured, liquidated, unliquidated, disputed, undisputed, matured, unmatured, fixed or contingent, known or unknown, that the Debtor, its Creditors or Interest Holders ever had or now have through the Effective Date in connection with their Claim or Interest (including, without limitation, any claims the Debtor may assert on its own behalf or on behalf of Creditors or Interest Holders pursuant to sections 510 and 542 through 553 of the Bankruptcy Code, any claims Creditors or Interest Holders may have asserted derivatively on behalf of the Debtor absent bankruptcy, any claims based on the conduct of the Debtor's business affairs prior or subsequent to the commencement of the Case or any claims based on the negotiation, submission and confirmation of the Plan), provided however that nothing in the Plan or the Confirmation Order shall effect a release of any claim for any debt owed to the United States Government arising under the Internal Revenue Code; any state, city or municipality arising under any state, city or municipal tax code; any environmental laws or any criminal laws of the United States or any state, city or municipality. Nothing in the Confirmation Order or the Plan shall enjoin the United States or any state or local

authority from bringing any claim, suit, action or other proceedings against the Released Parties for any claim, suit or action arising under the Internal Revenue Code, any state, city or municipal tax code, the environmental laws or any criminal laws of the United States or any state, city or municipality. Nothing in the Confirmation Order or the Plan shall exculpate any party from any liability to the United States Government or any of its agencies or any state, city or municipality arising under the Internal Revenue Code, any state, city or municipal tax code, the environmental laws or any criminal laws of the United States or any state.

LIMITATION OF LIABILITY

Section 1125(e) of the Bankruptcy Code, commonly referred to as the “safe harbor,” protects persons acting in good faith, from civil claims arising in connection with solicitations of acceptances of plans of reorganization or participating in the offer, issuance, sale or purchase of a security under the Plan. Pursuant to section 1125(e), as set forth in Article 8 of the Plan, neither the Debtor, the Interest Holders nor any of its respective officers, directors, members, general partner, managers or employees (acting in such capacity), nor any professional person employed by any of them, if an, (the “Released Parties”) shall have or incur any liability to any entity for any action taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other action taken or omitted to be taken in connection with this case or the Plan except in the case of fraud, gross negligence, willful misconduct, malpractice, breach of fiduciary duty, criminal conduct, unauthorized use of confidential information that causes damages, or ultra vires acts. Nothing contained herein shall limit the liability of the Debtor’s professionals pursuant to Rule 1.8(h)(1) of the New York State Rules of Professional Conduct. From and after the Effective Date, a copy of the Confirmation Order and the Plan shall constitute, and may be submitted as, a complete defense to any claim or liability released pursuant to Article 8 of the Plan.

ALTERNATIVES TO THE PLAN

If the Plan is not confirmed by the Bankruptcy Court, the alternatives may include (a) liquidation of the Debtor under chapter 7 of the Bankruptcy Code; (b) the formulation, promulgation and confirmation of an alternative plan of reorganization or (c) dismissal of the Debtor’s case.

The Debtor believes that the Plan provides a recovery to all Creditors equal to or greater than would be obtainable in a chapter 7 liquidation. See Liquidation Analysis.

The Debtor believes that the Plan enables Creditors to realize the most value under the circumstances.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following summary of certain U.S. Federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the particular circumstances pertaining to each holder of an Allowed Claim. Each holder of an Allowed Claim is urged to consult his own tax advisors. This summary does not cover all potential U.S. federal income tax consequences that could possibly arise under the Plan and does not address the Plan's U.S. federal income tax consequences for any holder of an Allowed Claim that is a partnership (or other pass-through entity) or otherwise subject to special tax rules.

The Debtor has not requested any ruling from the Internal Revenue Service or any other taxing authority with respect to such matters nor will the Debtor, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. The Debtor offer no statements or opinions that are to be relied upon by the creditors as to the treatment of creditors' claims under the Plan. Matters not discussed in this Disclosure Statement may affect the tax consequences of the Plan on any particular holder of a Claim or Equity Interest

This summary is based upon the laws in effect on the date of this Disclosure Statement and existing judicial and administrative interpretations thereof, all of which are subject to change, possibly with retroactive effect. Holders of Allowed Claims should consult their own tax advisors as to the Plan's specific federal, state, local and foreign income and other tax consequences.

The tax consequences to Creditor and Interest Holders will differ and will depend on factors specific to each Creditor and Interest Holder, including but not limited to: (i) whether the Claim or Interest (or portion thereof) constitutes a claim for principal or interest; (ii) the origin of the Claim or Interest; (iii) the type of consideration received by the Creditor and Interest Holder in exchange for the Claim; (iv) whether the Creditor and Interest Holder is a United States person or foreign person for tax purposes; (v) whether the Creditor and Interest Holder reports income on the accrual or cash basis method; (vi) whether the Creditor and Interest Holder has taken a bad debt deduction or otherwise recognized loss with respect to a Claim.

THERE ARE MANY FACTORS WHICH WILL DETERMINE THE TAX CONSEQUENCES TO EACH CREDITOR AND INTEREST HOLDER. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH CREDITOR AND INTEREST HOLDER OBTAIN HIS, HER OR ITS OWN TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AND INTEREST HOLDER AS A RESULT OF THE PLAN.

THE DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY CREDITOR AND INTEREST HOLDER

FOR THE PURPOSE OF AVOIDING TAX PENALTIES THAT MAY BE IMPOSED ON A TAX PAYER. THE DISCUSSION HEREIN WAS WRITTEN TO SUPPORT THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT. EACH CREDITOR AND INTEREST HOLDER SHOULD SEEK ADVICE BASED UPON THE CREDITOR AND INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ADDITIONAL INFORMATION

Requests for information and additional copies of this Disclosure Statement, the Ballots and the other materials delivered together herewith and all deliveries, correspondence and questions, as the case may be, relating to the Plan should be directed to (i) the Debtor's counsel, Robinson Brog Leinwand Greene Genovese & Gluck P.C., 875 Third Avenue, 9th Fl., New York, New York 10022, Attn.: Robert M. Sasloff, Esq. (212) 603-6329.

Copies of all pleadings, orders, lists, schedules, proofs of claims or other documents submitted in this case are on file in the Office of the Clerk of the United States Bankruptcy Court at 300 Quarropas Street, White Plains, New York, and are available for public inspection Monday through Friday, between the hours of 9:00 a.m. and 4:00 p.m. and are also available for viewing on the Internet at <http://www.nysb.uscourts.gov>.

CONCLUSION

The Debtor believes the Plan is in the best interests of all Creditors and strongly encourages all holders of Claims against the Debtor to vote to accept the Plan and to evidence such acceptance by promptly returning their Ballots to ensure that they will be received not later than 5:00 p.m., Eastern Standard Time, on _____, 2018.

DATED: New York, New York
January 22, 2018

**ROBINSON BROG LEINWAND GREENE
GENOVESE & GLUCK P.C.
Attorneys for the Debtor
875 Third Avenue, 9th Floor
New York, New York 10022
Tel. No.: (212) 603-6300**

**By: S/A. Mitchell Greene
A. Mitchell Greene**

EXHIBIT A

Buchanan Trail Realty Holdings LLC –Bid Procedures

The following Bid Procedures shall govern the auction process for the sale of the real property and improvements thereon located at 6092-6084 & 6100 Buchanan Trail West, Mercersburg, Pennsylvania (the “Property”) pursuant to the Plan of Liquidation (as the same may be amended or modified, the “Plan”) filed by Buchanan Trail Realty Holdings LLC, the debtor and plan proponent (the “Debtor”), in its chapter 11 case pending before the United States Bankruptcy Court, Southern District of New York (the “Bankruptcy Court”), and the Bankruptcy Court’s Order Approving Disclosure Statement for Plan dated _____, 2018 authorizing the auction of the Property, pursuant to higher or better Qualified Bids received by the Debtor, in furtherance of the Plan and its provisions regarding the sale of the Property or the Plan.¹

On January 18, 2018, the Debtor entered into a Purchase and Sale Agreement (the “Stalking Horse Contract”) to sell the Property to Pennsylvania Cherry, LLC (“Penn Cherry,” or the “Stalking Horse Bidder”) under its Plan of Liquidation free and clear of all liens, claims and encumbrances in exchange for a cash price of \$5,700,000. Pursuant to the Bid Procedures set forth below, the initial Qualified Bid for the Property must be no less than \$5,971,000, provided the acquirer purchases the Property on substantially the same terms and condition as Penn Cherry pursuant to the Stalking Horse Contract attached to the Plan as Exhibit “A”.

1. **Determination of “Qualified Bidder” Status.** Any potential bidder who wishes to participate in the Auction (as hereinafter defined) and to bid to acquire the Property must be a “Qualified Bidder.” A Qualified Bidder is a potential bidder who, on or before [], **2018 at 5:00 p.m.** (the “Qualified Bidder Deadline”), delivers so as to be actually received by (a) counsel to the Debtor, Robinson Brog Leinwand Greene Genovese & Gluck P.C., 875 Third Avenue, 9th Floor, New York New York 10022, Attention: Robert M. Sasloff, (b) counsel to Penn Cherry, Gardere Wynne Sewell LLP, 2021, McKinney Avenue, Suite 1600, Dallas, Texas, 75201-3340, Attention: Thomas Scannell, and (c) the Debtor’s real estate broker, NAI CIR (the “Real Estate Broker”), PO Box 8910, Camp Hill, Pennsylvania, 17001-8910, Attn: Jack Shipley, a written and signed irrevocable and binding offer that fully discloses the identity of the person or entity

¹ All capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Plan
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that will be bidding for the Property (the “Potential Bidder”) or otherwise participating in connection with such bid on behalf of the Potential Bidder, and the terms of any such participation. The Potential Bidder must fully disclose the identity of each person or entity that will be bidding for the Property or otherwise participating in connection with such bid (including any equity holder or other financial backer if the Potential Bidder is an entity formed for the purpose of consummating the proposed transaction contemplated by the bid).

The Qualifying Packet must also include:

- (i) the Potential Bidder’s address, telephone number and email address where the bidder may be contacted;
- (ii) a signed acknowledgement that:
 - (a) the Potential Bidder is not a partner, officer, director, stockholder, agent, employee or insider of the Debtor, the Debtor’s principals, Robinson Brog, the Real Estate Broker, Penn Cherry or its counsel or any relative of any of the foregoing; and
 - (b) the Potential Bidder relied solely on its own independent investigation, analysis, appraisal and evaluation of the Property and did not receive and/or rely upon any written or oral statements, representations, warranties, promises or guarantees whatsoever, whether express or implied or by operation of law or otherwise, with respect to the Property;
- (iii) a verification that the Potential Bidder is financially able and interested in acquiring the Property for a cash price of not less than \$5,971,000, without contingencies as to financing and/or additional due diligence (it being understood, however, that the Potential Bidder, while bound to its bid until one day after the Closing Date (as defined herein) or until its bid is affirmatively rejected, shall not be deemed to have made an offer to acquire the Property binding upon the Debtor prior to the time that the Auction, as hereinafter defined, is conducted and the Sale approved by the Bankruptcy Court;
- (iv) financial information acceptable to the Debtor in its reasonable discretion which fairly and reasonably demonstrates the Potential Bidder’s ability (and the bases or sources of the Potential Bidder’s ability) to close on its purchase of the Property if the Potential Bidder should be the Successful Bidder (as hereinafter defined), in an amount at least as much as its bid;
- (v) evidence acceptable to the Debtor in its reasonable discretion that a good faith deposit in the amount of 10% of the Potential Bidder’s Bid, or at least ten

(10%) percent of the amount of its bid (the “Deposit”) in immediately available funds has been made (or is concurrently being made) by wire transfer to the Debtor’s counsel, pursuant to wire instructions to be provided by the Debtor;

- (vi) a written verification of the Potential Bidder’s understanding and consent that the Deposit shall be held by the Debtor in a non-interest bearing, segregated, account in accordance with the terms hereof;
- (vii) a written verification that, if the Potential Bidder is the Successful Bidder (as hereinafter defined), it shall, within two (2) Business Days after the Auction, increase the Deposit as necessary to an amount equal to ten (10%) percent of its final bid at the Auction, with **TIME BEING OF THE ESSENCE AS TO THE SUCCESSFUL BIDDER’S OBLIGATION TO INCREASE THE DEPOSIT;**
- (viii) a written verification of the Potential Bidder’s intent and ability to close on the purchase of the Property if the Qualified Bidder’s bid at the Auction is selected as the Successful Bid (as hereinafter defined), in accordance with the terms of the Stalking Horse Contract, with **TIME BEING OF THE ESSENCE AS TO THE SUCCESSFUL BIDDER’S OBLIGATION TO CLOSE ON THE CLOSING DATE AND TO PAY THE BALANCE OF THE PURCHASE PRICE AT THE CLOSING;**
- (ix) a written verification that if such Potential Bidder is determined by the Debtor to have submitted the second highest or best bid at the Auction (the “Back-up Bid”) and, therefore, to be designated the back-up bidder (the “Back-up Bidder”), and is notified in writing that the Debtor has determined to proceed with the Back-up Bid after default by the Successful Bidder, to close on the purchase of the Property on the Back-up Closing Date (as hereinafter defined), with **TIME BEING OF THE ESSENCE AS TO THE BACK- UP BIDDER’S OBLIGATION TO CLOSE ON THE BACK-UP CLOSING DATE AND TO PAY THE BALANCE OF THE PURCHASE PRICE AT THE CLOSING;**
- (x) a written verification that, if such Potential Bidder (a) is the Successful Bidder, that the Deposit shall become non-refundable if the Potential Bidder’s bid at the Auction is selected as the Successful Bid and shall be forfeited by such Successful Bidder as liquidated damages if the Successful Bidder shall fail to close the purchase on a date which is not later than 30 days from the date of the Auction (the “Closing Date”) other than for those circumstances expressly permitted under the Stalking Horse Contract; and (b) is the Back-up Bidder and the Debtor determines to proceed with the Back-up Bid after default by the Successful Bidder, that the Deposit shall become non-refundable and shall be forfeited by such Back-up Bidder as liquidated damages if the Back-up Bidder shall fail to close the purchase on the Back-up

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Closing Date other than for those circumstances expressly permitted under the Purchase Agreement;

- (xi) a verification that the Potential Bidder consents to these Bid Procedures by signing and delivering an executed original of this document to the Debtor at or prior to the Qualified Bidder Deadline, with copies to the Debtor's counsel and counsel for Penn Cherry; and
- (xii) attaches an executed copy of the Stalking Horse Contract, marked to show proposed changes from the form executed by Penn Cherry (the "Modified Agreement").

2. **The Opening Bid.** Penn Cherry, pursuant to the Stalking Horse Contract is deemed a Qualified Bidder and shall be deemed to have submitted the opening bid of \$5,700,000 (the "Stalking Horse Bid"). Notwithstanding anything to the contrary contained herein, the Stalking Horse Bidder is a Qualified Bidder, but shall not be obligated to submit the information or documents included in section 1 hereof, including, but not limited to, any Deposit.

3. **Auction.** If the Debtor determines that there are no submissions by Qualified Bidders other than the Stalking Horse Bidder by the Qualified Bidder Deadline, then the Stalking Horse Bidder shall be determined to be the Successful Bidder pursuant to its Stalking Horse Bid. In the event that the Debtor receives by the Qualified Bidder Deadline one or more submissions that the Debtor determines to be from Qualified Bidders, then the Debtor, shall conduct an auction with respect to the Property (the "Auction") on [], 2018 at 11:00 a.m. (Eastern Time) at the offices of Robinson Brog Leinwand Greene Genovese & Gluck P.C., 875 Third Avenue, 9th Floor, New York, New York 10022, or such other location determined by the Debtor. The Auction shall be live and in person. The Auction shall be governed by the following procedures:

(a) Only the Debtor and Qualified Bidders, may participate at the Auction, and only the Debtor, Qualified Bidders, their respective counsel and representatives, the Real Estate Broker and a stenographer may be present throughout the Auction;

(b) Only Qualified Bidders shall be entitled to make any subsequent and additional bids at the Auction;

(c) Each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale;

(d) Other than the Stalking Horse Bidder, Qualified Bidders shall participate in person or through a duly authorized representative at the Auction; the Stalking Horse Bidder may participate in the Auction in person, by telephone or through counsel present at the Auction;

(e) The first bid over the Stalking Horse Bid shall be no less than \$5,971,000 (the "Opening Bid"). Qualified Bidders may thereafter make successive bids in increments of at least \$50,000 (the "Bid Increments") higher than the previous bid (or such other amount as may be agreed to by the Debtor after consultation with the Real Estate Broker). Any overbid made by the

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Stalking Horse Bidder will be credited with the amount of the Break-Up Fee (as defined in the Stalking Horse Contract) for purposes of comparison with other bids;

(f) The Auction shall continue until such time as it appears to the Debtor, in its reasonable discretion, that none of the Qualified Bidders is prepared to advance the Auction and there is only one offer that the Debtor, determines is the highest or best offer submitted at the Auction from among the Qualified Bidders, including the Stalking Horse Bidder (the “Successful Bid”). The Debtor shall give fair warning of the closing of the bidding.

(g) If more than one Qualified Bidder submits a bid in excess of the Opening Bid, after selection of the Successful Bidder, then the Debtor, in its reasonable discretion, shall determine which Qualified Bid constitutes the Back-up Bid;

(h) In considering bids submitted by Qualified Bidders at the Auction, the Debtor, in its reasonable discretion, may request that Qualified Bidders provide financial information which fairly and reasonably demonstrates the Qualified Bidder’s ability to close on its purchase of the Property should the Qualified Bidder be the Successful Bidder, and Qualified Bidders shall have such information available at the Auction so as not to cause unnecessary delay. Requests for any delay or deferral of the Auction, and/or the selection of the Successful Bid, shall not be permitted in order to submit such financial information except in the sole discretion of the Debtor;

(i) Deposits submitted by Qualified Bidders who are not the Successful Bidder or Back-up Bidder shall be returned by the Debtor to such Qualified Bidders within three (3) Business Days after the Auction, except as otherwise provided herein;

(j) Bids at the Auction must be all cash, without financing or other contingencies;

(k) Bids at the Auction must be able to close on the sale strictly in accordance with the terms of the Purchase Agreement with **TIME BEING OF THE ESSENCE** with respect to the purchaser’s obligation to close; and

(l) Penn Cherry shall be deemed a Qualified Bidder; and

(m) Foremost Realty Lender LLC and AHG Investors LLC, their respective counsel and representatives shall be allowed to attend the Auction.

4. **Obligation to Close and Default.**

(a) The Successful Bidder (or, upon written consent granted by the Debtor, an assignee of the Successful Bidder) shall close on the purchase of the Property and pay the amount of the Successful Bid, less any Deposit, on the Closing Date, with **TIME BEING OF THE ESSENCE AS TO THE SUCCESSFUL BIDDER’S OBLIGATION TO CLOSE ON THE CLOSING DATE AND TO PAY THE BALANCE OF THE PURCHASE PRICE AT THE CLOSING.** The Successful Bidder shall be obligated to close title to the Property and there is no contingency of any kind or nature that will permit the Successful Bidder not to proceed at the Closing other than the inability of the Debtor to deliver title to the Property consistent with its obligations

under the Stalking Horse Contract or the Modified Agreement, as applicable. In the event the Successful Bidder shall fail to timely close the purchase of the Property in accordance with all of the provisions of the Agreement, the Successful Bidder shall be in default and the Successful Bidder shall forfeit its Deposit.

(b) If for any reason the Successful Bidder shall fail to timely close the sale of the Property and the Debtor, in accordance with the provisions of the Modified Agreement, exercises its option to proceed with the Back-up Bid, the Back-up Bidder (or, upon written consent granted by the Debtor, an assignee of the Back-up Bidder) shall close on the purchase of the Property and pay the amount of the Back-up Bid, less its Deposit, on the later of the Closing Date or twenty (20) Business Days after written notice of the Successful Bidder's default in closing (the "Back-up Closing Date"), with **TIME BEING OF THE ESSENCE AS TO THE BACK-UP BIDDER'S OBLIGATION TO CLOSE ON THE BACK-UP CLOSING DATE AND TO PAY THE BALANCE OF THE PURCHASE PRICE AT THE CLOSING**. If the Debtor proceeds with the Back-up Bid then the Back-up Bidder shall be obligated to close title to the Property and there shall be no contingency of any kind or nature that will permit the Back-up Bidder not to proceed on the Back-up Closing Date other than the inability of the Debtor to deliver title to the Property or the failure of any other part of the conditions set forth in the Modified Agreement. In the event the Back-up Bidder shall be obliged, but shall fail, to timely close the purchase of the Property in accordance with the provisions of the Agreement, the Back-up Bidder shall be in default and the Back-up Bidder shall forfeit its Deposit.

5. **Deposits of Successful Bidder and Back-up Bidder.**

(a) The Deposit submitted by the Successful Bidder shall be held by the Debtor pending the closing of the sale. The Successful Bidder's Deposit shall be applied to the sale price upon the closing of the sale, unless the Successful Bidder shall default and fail to close in accordance with the provisions of the Agreement and forfeit its Deposit.

(b) The Deposit submitted by the Back-up Bidder shall be held by the Debtor in a non-interest bearing, segregated account of the primary account the Debtor maintains for the Debtor's estate until the earlier of (i) the Closing, or (ii) forty-five (45) Calendar Days after the Auction; provided, however, if the Successful Bidder fails to close and the Debtor decides to proceed with the Back-up Bid, then the Back-up Bidder's Deposit shall continue to be held by the Debtor and shall be applied to the sale price upon the closing of the sale on the Back-up Closing Date, unless the Back-up Bidder shall default and fail to close and forfeit its Deposit, which shall be remitted to the Debtor's estate and retained by the Debtor as liquidated damages.

6. **Due Diligence.** Each Bidder is solely responsible for conducting its own due diligence and must complete its due diligence prior to the submission of its bid.

7. **Reservation of Rights.** In the interest of maximizing the results realized through the Auction, the Debtor reserves the right, upon prior notice provided to the Stalking Horse Bidder, to: (a) modify any of the deadlines set forth in these Bid Procedures; (b) modify or waive, at or prior to the close of the Auction, the procedures and terms and conditions regarding the sale of the Property; and/or (c) adjourn the Auction. Anything to the contrary contained in

these Bid Procedures notwithstanding, the Debtor, upon the written consent of either the Stalking Horse, Successful Bidder, or the Back-up Bidder, depending on the results of the auction, shall have the right, to adjourn the Closing Date or the Back-up Closing Date to remedy any defect to title of the Property, but such adjournment shall be limited in accordance with the terms of the Stalking Horse Contract or Modified Agreement.

8. **Additional Terms, Conditions and Procedures.**

(a) If the Debtor is unable to deliver title to the Property in accordance with these Bid Procedures or the Plan for any reason whatsoever, the prospective purchaser will have no recourse against the Debtor, Penn Cherry, their respective counsel or any broker retained by Order of the Bankruptcy Court; provided, however, that a Qualified Bidder in this circumstance shall be entitled to a return of its Deposit.

(b) By participating in the Auction, all Bidders consent to the jurisdiction of the Bankruptcy Court to determine any matter concerning the sale of the Property. The Bankruptcy Court shall retain sole and exclusive jurisdiction over all matters relating to the Property, the Plan and the sale contemplated by these Bid Procedures.

10. **Approval Order; Sale to Stalking Horse Bidder.**

(a) The Sale to any entity other than the Stalking Horse Bidder is subject to entry of an order by the Bankruptcy Court at a hearing to be held on a date to be fixed by the Court at the request of the Debtor as soon as practicable after the Auction is concluded. Such hearing will be held before the Honorable Robert D. Drain, United States Bankruptcy Judge for the Southern District of New York, 300 Quarropas Street, White Plains, New York 10601.

(b) In the event that there are no offers for the Property by the expiration of the Qualified Bidder Deadline other than the bid by the Stalking Horse Bidder, then the Debtor may sell the Property to the Stalking Horse Bidder in accordance with the authority provided in the Confirmation Order without any further authority from the Bankruptcy Court.

Date: _____

Bidder: _____

Signature: _____

Title: _____

Address _____

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E-Mail: _____

Phone
Number: _____

Attorney Info: _____

Summary Report:	
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Embedded Excel	0
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