DISCLOSURE STATEMENT OF EASTGATE COMMERCE CENTER, LLC

This Disclosure Statement is submitted by the Debtor, Eastgate Commerce Center LLC.

COMPANY BACKGROUND

Eastgate Commerce Center, LLC (“EGCC”) was started with a partnership between Gregory Crowell and Al Neyer Inc. in 1992 that purchased the 55,000 square feet multi-tenant building located at 4440 Glen Este/Withamsville Rd., Cincinnati, OH, 45245. At the time, Mr. Crowell had just formed The Crowell Company after leaving his previous employer, Tipton Associates Inc. In 1986, he helped develop the project that comprised of acquiring 7.5 acres, and created the Development Plan comprised of a 55,000 square feet Office/Flex building along with two Retail out lots, obtained the development loan for the building, and secured the Leasing.

INVESTMENT STRATEGY

In 1997, Mr. Crowell bought out his partner, Al Neyer Inc, and formed a new partnership with Daniel Rolfes with the investment strategy and goal of obtaining a significant funding for retirement in 25 to 30 years. The Business Plan very simply
stated that once the long term loan that pays $25,000 per month ($300,000 per year) was paid off, then distributions would be made to the partners.

**COMPANY SETUP**

In order to accomplish this investment strategy, great patience and discipline are required. Different “In and Out Ledgers” are set up. This structure and upfront setup puts each expense into an “In and Out” Ledger that directs the source of Income from a tenant or tenants that makes a zero balance in each. The only non-zero Ledger is the Distributions to Partners Ledger. If the ledger is positive, distributions can be made and if it is negative, more investment needs to be made.

Separate Expense Categories are set up and leases are structured to accommodate making sure that each expense goes into the proper slot for payback. Additional accounting and administration services are required in order to carry out the separation of the categories; Operating, Long-Term Debt Service, Short-Term Debt Service and Reserve Account for Tenant Improvements, Leasing Commissions, and Replacement items. Providing this additional cost of administration allows the Landlord to provide the lowest overall rental rate to each Tenant.

EGCC is part of an 800,000 square foot Portfolio of which Mr. Crowell is the Managing Member, with assets held in 7 LLC’s located along I-275 on the east side beltway of Cincinnati. The economy of scale buying power is passed to each tenant.

**EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASE**

1. Partner litigation-

   In February 2015, a lawsuit was filed by Mr. Rolfes against Mr. Crowell and several other parties, including the Debtor, in Clermont County, Ohio in an attempt
to gain control of the business. When the hearing for a Temporary Restraining
Order was eventually denied in no uncertain terms by the Judge, the case was
dismissed in Clermont County. Mr. Rolfes refiled a case in Hamilton County to
collect on a loan which was made for the benefit of Debtor, which is guaranteed by
Mr. Crowell. That case was sent back to Clermont County on 2 counts which are
pending. This litigation keeps the property from being refinanced for the benefit of
creditors and the owners.
2. The permanent funding for the project matured on 4/01/2017. The foreclosure
litigation and request for Receiver are pending and an impediment to
refinancing.

RISKS AND BENEFITS RELATED TO THE REORGANIZED DEBTORS
BUSINESS AND OPERATIONS

1. Market Advantages

The current operation allows the Landlord to provide the most economical facility
solution for its Tenants and allowing them to be most profitable. This is due to the fact
that the tenants are only paying for their expenses of operation and they are not paying
for any past expenses that were left behind and have the benefit of scale.

2. Market Threats

Threats in the market are the Public/ Private Partnership Economic Development
Programs that provide incentives to move tenants out of existing facilities. This can
cause deficits in the Annual Operating budgets. These tax incentives are meant to lure
new business into the market, but often only shuffles existing business from one street
to another in the same community.
New construction in the area will provide additional leasable space. This could be a competitive threat to existing properties, but present construction has a cost benefit over new and more expensive space. Also, the construction of the new Mercy Hospital facility and Children’s Hospital facility may be a magnet to attract medical providers to the area.

3. Current Operations

Road improvements by the State of Ohio to US 32 in Eastgate now provides direct access to the Eastgate Commerce Center building which makes it a much more accessible and desirable location. The building has 75% rent occupancy at present and has a positive cash flow. The additional space is now available for leasing which would make the property more attractive to potential lenders. The current leases average about 3 years to maturity.

LIQUIDATION ANALYSIS

A Liquidation Analysis is not necessary since the proposal is 100% return to all creditors.

The real estate has been appraised at $4,480,000 in August 2017. The secured debt is less than $3,100,000.

PLAN SUMMARY

The Class 1 creditors will be paid in full at confirmation. Any fees or costs requiring court approval which have not been allowed upon Confirmation, shall be paid upon allowance by the Court. All fees required by 28 USC 1930 will be paid on or before the Effective Date of the Plan. Fees required by 28 USC 1930 will be paid until the Order Closing the Case has been entered.
The Class 2 creditor, US Bank is owed $3,044,681.98 according to its foreclosure complaint. That outstanding balance to US Bank will be paid 100% of its allowed secured claim reamortized for 20 years with a 5 year balloon at an interest rate of 5%, with escrow of taxes and insurance as provided in the current loan agreement. The terms of the present loan agreement requiring maintenance of insurance are reinstated.

The Class 3 creditor will receive in full satisfaction of his claim 100% of the allowed claim at 5% interest amortized, over 15 years, in equal monthly installments, with a 5 year balloon beginning on the effective date of the Plan.

The Class 4 creditor will be paid 100% of its allowed claim in equal monthly installments over a 24 month period at an interest rate of LIBOR + 5% beginning on the effective date of the plan.

The Class 5 creditors will receive in full satisfaction of their claims 100% of their allowed unsecured claims 90 days after the effective date of the Plan without interest.

The Class 6 creditors will retain their interest, but will receive no distribution on their interests until all other creditors are paid in full under the plan.

PROCEDURE

With the filing of the Disclosure Statement, the Debtor has also filed a Plan of reorganization. Once the Court approves a Disclosure Statement, the Plan will be served along with a ballot and procedure notice. Creditors are requested to vote on the Plan.

In order to confirm a plan, two-thirds in the amount of debt and half in number of the creditors of each Class who vote to approve the Plan. If the requisite votes are not received in favor of the Plan, the Court may nevertheless confirm the Plan if it finds it to
be fair and equitable. The ballots must be returned by the date specified by the court in the Order Approving the Disclosure Statement.

**CONCLUSION**

The Plan offers creditors more than they would receive in a liquidation.

Debtor believes this Plan is in the best interest of Creditors.

/s/Eastgate Commerce Center
By: Greg Crowell

/s/Eric W. Goering
Eric W. Goering #0061146
Attorney for Debtor
220 W. 3rd St.
Cincinnati, OH 45202
513-621-0912

**CERTIFICATE OF SERVICE**

I hereby certify that on September 28, 2017, a copy of the foregoing Debtor’s Disclosure Statement was served on the following registered ECF participants, electronically through the court’s ECF System at the email address registered with the court:

U.S. Trustee

And by ordinary mail on all creditors in the attached matrix.

Respectfully submitted,

/s/ Eric W. Goering
Eric W. Goering
Attorney for Debtor and Debtor in Possession
220 W. Third Street
Cincinnati, Ohio 45202