

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:)
)
H-D ACQUISITION CORP.)
)
 Debtor.)
_____)

CHAPTER 11
Case No. 16-13648

Important Dates	
Date by which ballots must be received:	June 19, 2017
Date by which objections to confirmation of the plan must be filed and served:	June 21, 2017
Hearing on confirmation of the Plan:	June 28, 2017

DEBTOR'S SECOND AMENDED DISCLOSURE STATEMENT

DATED: May 22, 2017

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- EXHIBITS: A. Financial Projections
 B. Assessment
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H-D Acquisition Corp. (“H-D”) the debtor in possession (the “Debtor”), submits this Disclosure Statement (the “Disclosure Statement”) in connection with the Debtor’s Plan of Reorganization (the “Plan”), pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). Capitalized terms used and not otherwise defined herein shall have the same meanings as are ascribed to them in the Plan.

I. INTRODUCTION.

On May 21, 2016 (the “Petition Date”), the Debtor filed with the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “Bankruptcy Court”) a Voluntary Petitions (the “Petition”) under Chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtor has continued in the management and limited operation of its assets and property as debtor in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

II. PURPOSE OF THE DISCLOSURE STATEMENT AND PROVISIONS FOR VOTING AND CONFIRMATION.

A. Purpose.

The Debtor provides this Disclosure Statement, pursuant to the requirements of Section 1125 of the Bankruptcy Code, in order to provide to the holders of all Claims against and Interests in the Debtor adequate information about the Debtor and the Plan, so that they may make an informed judgment with respect to the merits of the Plan for purposes of voting on the Plan. By Order dated _____, 2017, the Disclosure Statement was conditionally approved by the Bankruptcy Code as containing “adequate information”, which is defined in Section 1125(a)(1) of the Bankruptcy Code as “information of a kind, and in sufficient detail, as far as is reasonably practical in light of the nature and history of the debtor and the condition of the debtor’s books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical reasonable investor, typical of holders of the relevant class to make an informed judgment about the Plan” This Disclosure Statement does not purport to be a complete description of the Plan, the financial status of the Debtor, the applicable provisions of the Bankruptcy Code, or other matters that may be deemed significant by certain creditors and parties-in-interest. This Disclosure Statement is an attempt to set forth, in reasonable detail, information that will enable a creditor to make an informed judgment with respect to the Plan for voting purposes. The Disclosure Statement necessarily involves a series of compromises between “raw data”, the legal language in documents or statutes, and the considerations of readability and usefulness. For further information, you should examine the Plan directly (a copy of which accompanies this Disclosure Statement), and/or consult with your legal and financial advisors. The description of the Plan herein is provided only as a summary and it is recommended that all creditors and parties-in-interest review the Plan, the balance of this Disclosure Statement, and the other documents and information referenced herein, in order to obtain more complete information. Approval by the Bankruptcy Court of the Disclosure Statement does not constitute an approval of the Plan.

Other than as set forth in this Disclosure Statement, no representations concerning the Debtor, its assets, financial condition, management or future operations are authorized by the Debtor. Any representations or inducements made to secure acceptance of the Plan other than as contained in the Plan and described in this Disclosure Statement are not authorized by the Debtor and accordingly should not be relied upon by the holder of any Claim or Interest in reaching a decision whether or not to vote to accept or reject the Plan.

Enclosed with this Disclosure Statement are the following:

- (1) a copy of the Plan;
- (2) a ballot for accepting or rejecting the plan (if applicable); and
- (3) a copy of the Order of the Bankruptcy Court approving the Disclosure Statement setting forth: the time period and the manner by which to vote to accept or reject the Plan, the time period for objecting to Confirmation of the Plan, and fixing the time for the hearing on the Confirmation of the Plan.

B. Voting Provisions.

1. General.

Every holder of a Claim or Interest in an Impaired Class that is entitled to receive a distribution under the Plan is entitled to vote to accept or reject the Plan. As such, all holders of Claims or Interests in Class A, B, and C may vote on the Plan by filling out the enclosed Ballot and mailing it to counsel for the Debtor.

2. Classes of Claims and Interests Not Entitled to Vote.

a. Administrative and Priority Tax Claims.

Claimants holding only Administrative Claims and/or Priority Tax Claims are not entitled to vote on the Plan because Section 1123(a)(1) of the Bankruptcy Code does not require that such Claims be designated in a Class and because the Plan provides for the payment of such Claimants under terms which not only satisfy, but are more favorable to such Claimants than the requirements set forth by Sections 1129(a)(9)(A) and (C) of the Bankruptcy Code.

b. Unimpaired Claims.

Claimants holding Claims in a Class which is not impaired (as discussed below) are not entitled to vote on the Plan because pursuant to Section 1126 of the Bankruptcy Code, a Class, and each Claimant in such Class, that is not impaired under the Plan is conclusively presumed to have accepted the Plan. As a general matter, under Section 1124 of the Bankruptcy Code, a class of claims is impaired unless the legal, equitable and contractual rights of the claimants in such class are not altered by the Plan (with exception of certain rights of

claimants to receive accelerated payment of their claims and certain rights of a debtor to cure defaults) or unless the Plan provides, that, on the effective date, each Claimant in such Class shall receive, on account of its claim, cash equal to the allowed amount of such claim.

Debtor has no claims that are unimpaired.

3. Claimants Entitled to Vote; Impaired Claims.

Certain classes are Impaired under the Plan and Claimants in such Classes, therefore, are entitled to vote on the Plan. Claimants in Classes A, B, and C are entitled to vote on the Plan since such classes are impaired.

4. Acceptance of the Plan.

Please note that the Plan is deemed accepted by a Class of Claims or Interests when it is approved by holders of Claims and Interests who hold at least two-thirds of the dollar amount, and who comprise more than one-half in number of, the Allowed Claims or Interest of such Class that actually vote. An abstention by a Claim or Interest holder will not count toward either acceptance or rejection of the Plan.

The Debtor recommends that each holder of a Claim or Interest that is entitled to vote to ACCEPT the Plan. IN ORDER FOR YOUR VOTE TO COUNT, YOUR BALLOT MUST BE COMPLETED AND RECEIVED AT THE ADDRESS STATED ON THE BALLOT (WHICH IS ALSO SET FORTH BELOW) ON OR BEFORE JUNE 19, 2017:

Robert M. Kline, Esquire
P.O. Box 18806
Philadelphia, PA 19119

Even though a Claim or Interest holder may choose not to vote or may vote against the Plan, such Claim or Interest holder will nevertheless be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities in each Class entitled to vote and is confirmed by the Court. Allowance of a Claim or Interest for voting purposes does not necessarily mean that the Claim or Interest will be Allowed for purposes of distribution under the terms of the Plan. Any Claim or Interest to which an objection has been or will be filed will be Allowed for purposes of distribution only after determination by the Court. Such determination may be made after the Plan is Confirmed.

C. Confirmation.

1. Objections.

Should you have any objection to Confirmation of the Plan, it must be filed, in writing, with the Bankruptcy Court and served on counsel for the Debtor, on or before June 21, 2017. A hearing to consider Confirmation of the Plan will be held on June 28, 2017, beginning at 11:00 A.M. before the Honorable Ashely M. Chan in the United States Bankruptcy Court for the

Eastern District of Pennsylvania, 900 Market Street, 2nd Floor, Courtroom 15, Philadelphia, PA 19107.

2. Confirmation by Acceptance.

The Debtor is seeking Confirmation of the Plan under Section 1129(a) of the Bankruptcy Code. Confirmation under Section 1129(a) is dependent upon a finding of the Bankruptcy Court that a number of requirements have been met. One of these requirements is that each Impaired Class of Claims and Interests entitled to vote on the Plan must accept the Plan. Accordingly, the Plan cannot be Confirmed under Section 1129(a) unless accepted by each Impaired class of Claims and Interests.

3. Confirmation Without Acceptance.

Under Section 1129(b)(1) of the Code, the Court may confirm the Plan even if it has not been accepted by one or more Impaired Classes of Claims and Interests, provided that the Plan does not discriminate unfairly and it is fair and equitable with respect to each Impaired Class of Claims or Interests that has not accepted the Plan.

In order for the Plan to be fair and equitable with respect to an Impaired Class of Secured Claims, Section 1129(b)(2)(A) of the Code requires that the Plan provide for each Claimant in such Class: (a) to receive payments over time which, in the aggregate, total at least the Allowed amount of such Claimant's Claim, and which have present value, as of the Effective Date of the Plan, at least equal to the value of such Claimant's interest in the Debtor's property encumbered by such Claimant's lien(s); and (b) the Secured Claimant shall retain such lien(s) in order to secure such payments.

In order for the Plan to be fair and equitable with respect to an Impaired Class of Unsecured Claims, Section 1129(b)(2)(B) of the Code requires that the Plan provide either: (a) that each Claimant in such Class shall receive on account of its Claim property which has a present value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim or (b) that no Claimant or holder of an Interest in the Debtor that is junior to the Claims of such Impaired Class will receive or retain under the Plan any property on account of such junior Claim or Interest.

In order for the Plan to be fair and equitable with respect to an Impaired Class of Interests, Section 1129(b)(2)(C) of the Code requires that the Plan provide either: (a) that each Interest holder in such Class shall receive on account of its Interest property which has a present value, as of the Effective Date of the Plan, equal to the value of such Interest or the Allowed amount of any fixed liquidation preference or redemption price to which the holder of such Interest is entitled or (b) that no holder of an Interest in the Debtor that is junior to the Interests of such Impaired Class will receive or retain under the Plan any property on account of such junior Interest.

D. Representation Limited.

THE ACCURACY OF THE INFORMATION, PARTICULARLY FINANCIAL INFORMATION, SUBMITTED WITH THIS DISCLOSURE STATEMENT IS DEPENDENT UPON AN ACCOUNTING PERFORMED BY THE DEBTOR. FURTHER, THE FINANCIAL INFORMATION SET FORTH HEREIN CONTAINS FINANCIAL PROJECTIONS OF FUTURE PERFORMED BY THE DEBTOR. FURTHER, THE PROJECTIONS OF FUTURE PERFORMANCE THAT NECESSARILY RELY ON THE OUTCOME OF MANY VARIABLES OVER WHICH THE DEBTORS HAVE NO CONTROL, AND THUS THE ACCURACY OF SUCH PROJECTIONS CANNOT BE GUARANTEED.

THESE FINANCIAL PROJECTIONS PRESENT, TO THE BEST OF THE DEBTOR'S KNOWLEDGE AND BELIEF AS OF THE DATE OF THIS DISCLOSURE STATEMENT, GIVEN ONE OR MORE HYPOTHETICAL ASSUMPTIONS, EXPECTED FINANCIAL POSITION, RESULTS OF OPERATIONS, AND CHANGES IN FINANCIAL POSITION OVER CERTAIN PROJECTED TIME PERIODS. A FINANCIAL PROJECTION IS SOMETIMES PREPARED TO PRESENT FOR EVALUATION ONE OR MORE HYPOTHETICAL COURSES OF ACTION INLIGHT OF DIFFERENT SETS OF VARIABLES. A FINANCIAL PROJECTION IS BASED ON THE RESPONSIBLE PARTY'S ASSUMPTIONS REFLECTING RESULTS IT EXPECTS WOULD OCCUR, GIVEN ONE OR MORE HYPOTHETICAL CONDITIONS. A PROJECTION MAY CONTAIN A RANGE OF POSSIBLE OUTCOMES THAT COULD OCCUR UNDER A SET OF GIVEN ASSUMPTIONS AND VARIABLES.

WHILE EVERY EFFORT HAS BEEN MADE TO ENSURE THAT THE ASSUMPTIONS ARE VALID AND THAT THE PROJECTIONS ARE AS ACCURATE AS CAN BE MADE UNDER THE CIRCUMSTANCES, THE DEBTORS CANNOT UNDERTAKE TO CERTIFY OR WARRANT THE ABSOLUTE ACCURACY OF THE FINANCIAL PROJECTIONS.

III. INQUIRIES.

Inquiries by holders of Claims or Interests or other parties in interest in these Chapter 11 cases may be direction to counsel for the Debtor, Robert M. Kline, Esquire, P.O. Box 18806, Philadelphia, PA 19119, (215) 990-9490 (telephone) or rmklinelaw@aol.com (email).

IV. THE DEBTOR.

The Debtor is the owner of a single asset, 2231-43 E. Ontario Street, Philadelphia, PA 19134 (the "Premises"), a 25,000 sq. ft. multi-tenant industrial building consisting of a mix of commercial space, warehouse/industrial space, and a parking lot. Debtor has owned the Premises since 1993. Debtor derives income and rents space to several commercial tenants and one individual tenant. Debtor is owned by Debtor's principal, Allen Woodruff.

A. Pre-Petition Background and History.

Prior to 2005, Debtor, via income mainly from the now defunct manufacturing companies Haskell-Dawes and Phoenix Twisting Machine, and to a lesser extent, some other rented space, had been a successful real estate holding company. Beginning in the late 1990's and continuing into the 2000's, the downturn in the economy and recession resulted in a severe loss of business and income for the Debtor, and inability to keep current with all its obligations, including namely tax obligations.

In 2007, Debtor's then existing mortgagee exercised an assignment of rents clause and all rental income, less a minor amount for maintenance, was directed to the mortgagee, leaving no income to address the outstanding tax obligations. Debtor satisfied its mortgage obligation in late 2015. Unfortunately beginning in December 2015, the Debtor's principal sustained severe abdominal issues that required 3 separate hospitalizations and various and numerous procedures over the following 8 months. Debtor's principal has had a full recovery with no residual effects.

B. Events that Led to the Bankruptcy Filing.

As a result of the economic downturn and inability to meet its obligations, including namely its tax obligations to the City of Philadelphia, court proceedings and failed attempts to negotiate payment arrangements, all of which were exacerbated by the illness of Debtor's principal, Debtor was forced to file the within Chapter 11 case to stop court proceeding leading to a Sheriff Sale.

C. Chapter 11 Proceeding.

1. Initial Events in Bankruptcy.

Since the Petition Date, the Debtor has continued to manage the Premises and operate as "debtor-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

2. Post-Petition Operations

Since the Petition Date, Debtor has continued to generate income from its rental operations. The Debtor currently has the following tenants from which it generates income:

<u>Tenant</u>	<u>Lease Expiration</u>
(a) British Restorations Inc.	2024
(b) William Fink	Month to Month(*1)
(c) PTR Bailer and Compacter	2025
(d) Charles Theobald	Month to Month(*2)

(*1 tenant since 1992) (*2 tenant since 2001)

Monthly operating reports have been filed showing actual income and expenses during the period of the bankruptcy case. Other than the Schedules and Statement of Financial Affairs and Monthly Operating Reports filed in the within Case, Debtor has not prepared, and does not have, any other financial statements.

Debtor continues to be managed by the Debtor's principal, Allen Woodruff who is the Debtor's only employee. Mr. Woodruff performs all the maintenance and upkeep of the property. Mr. Woodruff has not received a salary since the Petition Date and will not receive a salary through the life of the Plan.

Although the Premises are fully occupied and there have been no issues with tenant payments since the Petition Date, Debtor's continued operations are subject to general market conditions to be experienced by any landlord, including non-paying tenants and potential vacancies. These risks are substantially lowered by the relatively short term of the Plan.

V. THE PLAN OF REORGANIZATION.

A. Plan Summary Introduction.

Debtor's Plan provided full payment to all administrative and priority claims during the term of the Plan. Secured Creditors will retain their respective liens on Debtor's property and be paid in full with continued interest over the two (2) year life of the Plan. Debtor has no General Unsecured creditors, and the Plan does not provide for any payment to General Unsecured Creditors.

B. Classification and Treatment of Claims and Interests.

In accordance with Bankruptcy Code Section 1123(a)(1), the Administrative Claims and Priority Tax Claims have not been classified, and the respective treatment of such unclassified Claims is set forth in Article V.B.1 below. All Claims and Interests other than the Administrative Claims, and Priority Tax Claims have been placed in the Classes as set forth in Article V.B.2 below.

1. Treatment of Unclassified Claims Under the Plan.

a. Administrative Claims.

Except to the extent that an Allowed Administrative Claim has been paid prior to the Effective Date, each holder of an Allowed Administrative Claim shall receive payment of the amount of such Allowed Administrative Claim in Cash on the Effective Date, or as soon as reasonably practicable thereafter, or immediately after entry of an Order approving an application therefore if after the Effective Date, in full satisfaction, settlement, release and discharge of and in exchange for, such Allowed Administrative Claim, unless an administrative claimant agrees to a different treatment.

The only Administrative Claims anticipated by the Debtor are:

- Robert M. Kline, Esquire, Counsel for Debtor, approximately \$15,000.00.
- Trustee Quarterly Fees, approximately \$325.00.

b. Priority Tax Claims.

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Effective Date, each holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, in equal monthly payments over a period of two (2) years from the Effective Date in an aggregate principal amount equal to the face amount of such Allowed Priority Tax Claim, with interest at the rate of 3% per annum on the unpaid portion thereof at the rate of interest determined under applicable non-bankruptcy law as of the calendar month in which the Plan is confirmed.

The following constitute the Priority Tax Claims of the Debtor:

-City of Philadelphia, \$28,327.00

2. Treatment of Classified Claims and Interests Under the Plan.

a. Class A. Secured Tax Claims.

The Allowed Secured Tax Claim of the City of Philadelphia will be paid in monthly payments of over a period of two (2) years from the Effective Date, payable on the Effective Date, with a lump sum of any remainder amount payable on the 2nd anniversary of the Effective Date, in an aggregate principal amount equal to the face amount of such Allowed Secured Tax Claim, with interest on the unpaid portion thereof at the rate of either 9% secured real estate portion, or 6% secured judgment portion, determined under applicable non-bankruptcy law as of the calendar month in which the Plan is confirmed.

The Secured Tax Claims will not be discharged or the liens released until these debts are paid in full under the terms of the Plan.

The following constitute the Secured Tax Claims of the City of Philadelphia:

- Real Estate Tax, approximately \$352,990.86
- U&O Tax, approximately \$108,961.55
- Water Revenue Liens, approximately \$57,298.63

b. Class B. Secured Claim of Emily Woodruff.

Beginning on the Effective Date, the Secured Claim of Emily Woodruff shall be paid equal monthly payments of interest only over a period of two (2) years from the Effective Date.

The Secured Claim of Emily Woodruff is a first mortgage lien in the principal amount of \$34,897.00

c. Class C. Secured Claim of D&M Associates

As the Effective Date, the Secured Claim of D&M Associates will continue to be paid monthly in accordance with the terms of a settlement agreement between the Debtor and D&M, with the last payment being in March, 2018.

The Secured Claim of D&M Associates is a judgment lien in the original principal amount of \$29,651.28, which will be due and owing in the event of a default in monthly payments under the settlement agreement.

C. General Provision Applicable to All Classes.

Notwithstanding any other provision of the Plan specifying a date or time for the distribution of any payment to any holder of a Claim or Interest, payments and distributions in respect of any Claim or Interest which at such date or time is disputed, unliquidated or contingent shall not be made until such Claim or Interest becomes an Allowed Claim or Allowed Interest, whereupon such payments shall be made promptly in accordance with Article 3.12 of the Plan. Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtor, or any party in interest's rights or defenses, both legal and equitable, with respect to any Claims, and the rights of such Persons to object to the allowance of any Claim is expressly preserved in the Plan.

D. Treatment of Contested Claims and Claims Arising Under Section 502(c).

No payment will be made on the disputed portion of a Claim until thirty (30) days after the Claim is allowed by non-appealable Order of the Bankruptcy Court. Any Claims subject to Section 502(c) of the Bankruptcy Code shall be estimated and allowed to the extent provided in the Plain for Claims in the same Class. Claims arising under Section 502(c) include contingent or unliquidated claims, which if not fixed or liquidated would unduly delay the administration of this proceeding, and right to payment arising from a right to an equitable remedy for breach of performance.

VI. PAYMENTS UNDER THE PLAN.

Debtor reserves the right, at any time provided for pursuant to bankruptcy law, to object to any proof of claim which exceeds the amounts scheduled.

VII. MEANS FOR IMPLEMENTATION OF THE PLAN.

A. Continued Ownership and Operation.

The Debtor shall continue to exist as the Reorganized Debtor after the Effective Date. On the Effective Date, all remaining assets of the Debtor shall be transferred and vest in the Debtor.

B. Disbursement.

All distribution under the plan on account of Allowed Claims and/or Interests shall be made by the Debtor on the 20th day of each month, beginning the 30th day after the Effective Date. The Debtor may, in his sole discretion, make distributions to any Class of creditors or interest holders in advance of the time provided for in the Plan.

C. Default.

No default by any Debtor under the Plan shall be deemed to have occurred until twenty (20) days after such Debtor receives written notice of its failure to make a payment required under the Plan or if, prior to the expiration of such twenty (20) day period, the Debtor makes such payment. Except as noted above, no Claimant shall receive interest on account of such Claimant's Allowed Claims. After an event of Default under this Plan, creditors not discharged may pursue their state law remedies.

D. Cash Payments.

All Cash payments to be made on or after the Effective Date provided for in the Plan shall be made from Cash in the Debtor's bank or operating accounts on the Effective Date.

E. Preservation and Pursuit of Causes of Action, Including Avoidance Actions.

Except as otherwise provided in the Plan, the Confirmation Order, or in any contract, agreement or other document entered into in connection with the Plan, in accordance with Bankruptcy Code Section 1123(b), on the Effective Date, the Debtor shall retain all of the respective Causes of Action, including all Avoidance Actions, that the Debtor may hold against any Person. The Debtor may enforce, sue on, settle, or compromise all such Causes of Action, or may decline to do any of the foregoing with respect to any such Causes of Action. The failure of the Debtor to specifically list any Causes of Action in the Plan does not, and will not be deemed to, constitute a waiver or release by the Debtor of such Causes of Action and the Debtor shall retain the right to pursue additional Causes of Action. The Debtor or his respective successors, may pursue all such retained Causes of Action as appropriate, in accordance with the best interests of the Debtor or his successors who retain such actions in accordance with applicable law and consistent with the terms of the Plan.

F. Lump Sum Payment.

The remainder of the Allowed Secured Claims to be paid on the second anniversary of the Effective Date shall be paid from the sale or refinance of the Premises. If said payment is not made on or before 30 days from the second anniversary of the Effective Date, then the Premises will be sold via public auction to be scheduled no later than 3 months of the second anniversary of the Effective Date.

G. Alternative Lump Sum Payment Process.

In the event the Lump Sum Payment per Section 4.6 above is not made on or before 30 days from the second anniversary of the Effective Date, then the Premises will be sold via public auction to be scheduled no later than 3 months from the second anniversary of the Effective Date. On or before the Effective Date, the Debtor will execute a listing agreement with William Comly & Sons, for the listing and terms of a public auction of the Premises that will automatically occur in the event the Debtor is unable to make the Lump Sum Payment per this Section. In the event the public auction does not realize sufficient funds to satisfy the secured and priority claims of the City of Philadelphia in full, then, at its sole option, the City of Philadelphia, may either accept the proceeds of the public auction as settlement in full resolution of its claims, or reject the auction proceeds and process, and thereafter list the Premises for a tax sale with the Sheriff of Philadelphia.

VIII. REJECTION AND ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

The Plan provides that except as otherwise provided in the Plan, or in any contract, agreement or other document entered into in connection with the Plan, as of the Confirmation Date, the Debtor shall be deemed to have assumed all executory contracts and unexpired leases other than those specifically rejected on or before the Confirmation Date or that are otherwise subject to a motion to assume that is pending on or before the Confirmation Date, pursuant to Bankruptcy Code Section 1123(b)(2).

If the rejection of an executory contract or unexpired lease gives rise to a Rejection Damages Claim, such Rejection Damages Claim shall be forever barred and shall not be enforceable against the applicable Debtor or its estate, or their respective successors or properties unless a Proof of Claim shall be filed with the Clerk of the Court, within thirty (30) days after the Claim is deemed rejected. If a Rejection Damages Claim becomes an Allowed Claim, then it shall be classified as a General Unsecured Claim pursuant to the Plan.

IX. ALLOWED AMOUNT OF CLAIMS AND INTERESTS.

A. Generally

A Claim against the Debtor may be recognized as follows: (1) the listing of a Claim by a Debtor in its Schedules, where such scheduled Claim is not listed as: (a) disputed, (b)

contingent or (c) unliquidated; or (2) the filing of a Proof of Claim or Proof of Interest by the holder of such Claim or Interest in the time, form and manner approved by the Bankruptcy Court.

If a Claimant whose Claim has been scheduled by the Debtor timely files a Proof of Claim, the Proof of Claim supersedes the Claim of the Claimant as scheduled by that Debtor, unless objected to by the Debtor.

Pursuant to Rule 3003(b)(1) of the Bankruptcy Rules, a Debtor's Schedule of Liabilities constitutes *prima facie* evidence of the validity and amount of scheduled Claims. However, if timely objected to, such Claims will be Disallowed or Allowed in amounts fixed by Order of the Bankruptcy Court.

B. Administrative Claims.

All Administrative Claim requests, other than Professional fee claims, must be filed with the Court and served on the Debtor or the Reorganized Debtor and his counsel, as applicable, no later than forty-five (45) days after the Effective Date. In the event that the Debtor or the Reorganized Debtor objects to an Administrative Claim, the Court shall determine the Allowed amount of such Administrative Claim.

C. Professional Fee Claims.

All final requests for compensation or reimbursement of fees and expenses pursuant to Bankruptcy Code Sections 327, 328, 330, 331, 503(b) or 1103 for services rendered to the Debtor prior to the Effective Date must be filed with the Bankruptcy Court and served on the Debtor or the Reorganized Debtor and the respective counsel, as applicable, no later than forty-five (45) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objects to applications of such Professional or other entities for compensation or reimbursement of fees and expenses must be filed and served on the Debtor or the Reorganized Debtor and his counsel, as applicable, and the requesting Professional or other entity no later than forty-five (45) days (or such longer period as may be allowed by Order of the Bankruptcy Court) after the date on which the applicable application for compensation or reimbursement was served.

X. TAX CONSEQUENCES.

If the Debtor's Plan is confirmed by the Bankruptcy Court, there may be tax consequences which could affect individual holders of Claims or Interests. The tax consequences of the treatment of several Classes of Claims and Interest under the Plan are uncertain. Accordingly, holders of Claims and Interests are urged to consult with an independent tax advisor regarding such implications and how they may affect such individual holders based on their individual circumstances.

XI. DISCHARGE OF DEBTOR; INJUNCTION.

A. Discharge Upon Confirmation.

Pursuant to Section 1141 of the Bankruptcy Code, upon Confirmation of the Plan and vesting of all assets, except as otherwise expressly provided under the Plan, the Debtor will be discharged of all claims and liabilities that arose prior to the Confirmation Date.

B. Discharge Injunction.

All entities which have held, hold, or may hold Claims against the Debtor, , except for debts provided for under this Plan, are permanently enjoined, on and after the Effective Date, from (a) commencing or continuing in any manner, any action or other proceeding of any kind with respect to any such Claim, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or other against the Debtor on account of any such Claim, (c) creating, perfecting or enforcing any encumbrance of any kind against any of the Debtors or against the property or interest in property of the Debtor on account of any such Claim, (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation to or from the Debtor or against the property or interests in property of any of the Debtors and (e) commencing or continuing in any manner, any action or other proceeding of any kind with respect to any Claim.

XII. JURISDICTION OF BANKRUPTCY COURT AFTER CONFIRMATION.

The Bankruptcy Court shall retain jurisdiction of the Chapter 11 cases for the purposes of Bankruptcy Code Sections 105(a), 1127 and 1142(b) and for the following additional purposes:

- (i) To hear and determine all Objections to the allowance or disallowance of any and all Claims or Interests;
- (ii) To hear and determine all motions to estimate Claims;
- (iii) To hear and determine all motions to subordinate any and all Claims or Interests;
- (iv) To hear and determine all matter relating to the assumption and rejection of any executory contract or unexpired lease, including, but not limited to, any cure payments or Claims for rejection damages arising therefrom;
- (v) To determine applications for allowance of compensation and reimbursement of expenses by Professionals'
- (vi) To enforce and interpret the Plan, to resolve any disputes arising under or in connection with the Plan, to effectuate payments under the Plan and/or to compel performance of any Person in accordance with the provisions of the Plan;

(vii) To correct any defect, to cure any omission or to reconcile any inconsistency in the Plan or in the Confirmation Order as may be necessary or advisable to carry out the intents and/or purposes of the Plan;

(viii) To determine such other matters and for such other purposes as may be provided in the Confirmation Order or otherwise deemed appropriate to accomplish its intents and purposes;

(ix) To enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Case and the Plan and/or purposes;

(x) To recover all assets of the Debtor and property of the Debtor's estate;

(xi) To adjudicate all Litigation Cases and Causes of Action brought in the Bankruptcy Court either prior to or subsequent to the Effective Date; and

(xii) To enter a Final Order Closing the Chapter 11 cases.

XIII. LIQUIDATION ANALYSIS AND DISCUSSION.

The purpose of this section is to provide an analysis of a hypothetical liquidation of all of the Debtor's assets by a disinterested trustee in bankruptcy under the provisions of Chapter 7 of the Bankruptcy Code. A Chapter 7 liquidation of the Debtor would provide that all of the Debtor's property would be sold for cash, and payments would be made to creditors in accordance with the priorities set forth in Section 507 of the Bankruptcy Code, and then to general unsecured creditors and interest holders. A disinterested trustee would need time to learn about the assets and affairs of the Debtor before he/she could make a distribution to creditors. There is no way to quantify the additional amount of time before a distribution could be made. In addition, a Chapter 7 trustee may wish to conduct an investigation into the Debtor's affairs, and may retain attorneys and accountants to render assistance in such investigation. The fees and disbursements of the Chapter 7 trustee and his or her attorneys and accountants would be treated as administrative expenses of the Chapter 7 phase of this case, which have a priority over all other administrative expenses and claims of creditors. Thus, a Chapter 7 liquidation would certainly increase the costs of the bankruptcy, although there is no way to quantify the extra costs.

The hard assets available for liquidation in a Chapter 7 liquidation would be the Debtor's existing real estate interests. All of the proceeds of such hard assets are subject to the liens of the secured creditors and therefore would not be available to satisfy other Claims or Interests.

The proposed Plan currently provides that holders of Claims will receive a distribution resulting in full payment of the allowed claim. In a Chapter 7 liquidation, Debtor estimates that that creditors will not receive full recovery, as any liquidation of real estate assets will only realize enough to potentially cover the priority creditors in full with partial payments to secured creditors.

After evaluating the differences between the Plan and a Chapter 7 liquidation, the Debtor believes that the Plan offers a more favorable treatment to all its creditors.

A. Liquidation Analysis – Balance Sheet (Best Case Scenario)

Assets:

Real Property:	\$500,000.00 (*)
Minus:	
-Costs of Sale	\$ 30,000.00
Net Sale Proceeds	\$470,000.00
Total Assets	\$470,000.00

Liabilities:

Priority Claims:

Chapter 7 Admin. Expenses	\$ 7,500.00
Chapter 11 Admin. Expenses	\$ 15,000.00
Other Priority Claims	\$ 45,000.00
Total Priority Claims	\$ 65,000.00

Amount available to Secured creditors	\$337,000.00
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*(1/3 reduction in FMV as stated in Debtor's Schedules accounting for a quick sale/liquidation of the Premises)

XIV. OPERATING PROJECTIONS.

Based on its current leases and tenancies, Debtor is able provide operating projections which have a good degree of certainty. These projections are subject to economic and individual tenant factors beyond its direct control, which have the potential to disrupt cash flow.

Debtor does project receipt of gross yearly proceeds for the next five years, from current and projected future operations as follows:

<u>Date</u>	<u>Amount</u>
2017	\$93,019.00
2018	\$104,691.77
2019	\$124,745.87
2020	\$129,251.94
2021	\$131,096.29

A forecast of projected income and expenses, and on the provisions of the Plan, is attached hereto as Exhibit "A". The attached forecasts projects both increased monthly rentals, plus additional rental income from lease of additional space.

XV. FEASIBILITY.

Debtor believes its Plan is more than feasible and fair, and provides for the orderly full payment of claims over a fairly short period of time. The Plan allows for regular monthly payments from regular rental operations which only increase over time. Additionally, the lump sum payment provisions at the end of year two of the Plan will result in full payment to all creditors.

The lump sum will be realized through one of the following means: a) Debtors refinance/remortgaging of the Premises; b) the Debtor's private sale of the Premises; c) the liquidation of the Premises via public auction, or d) a tax Sheriff Sale. The Premises is located in the Port Richmond area of Philadelphia which has experienced significant growth and development in the past few years, including a large number of residential projects, many of which utilize and repurpose old industrial buildings such as the Premises. This rate of development only stands to increase in the next two years making the Debtor's property more valuable and providing an additional equity cushion for creditors. Evidence of this is the City of Philadelphia's own recently increased assessment of value of the Premises to \$809,000 for year 2018, an increase from the 2017 assessment of \$683,000 – see Exhibit "B" attached hereto.

Debtor's principal has engaged in discussions with various lenders about refinancing/remortgaging the Premises, which will only be bolstered by increased development and values in the area. Debtor's principal has also had discussions with real estate brokers regarding value of the Premises, all of which corroborate the increased valuation. Simultaneous with refinancing/remortgage efforts, Debtor intends to also seek a private sale of the Premises within the next 2 years.

As a last resort, and in the event Debtor is either unable to secure refinancing/remortgaging, or a private sale of the Premises, Debtor will list the Premises for sale at public auction with William Comly & Sons, auctioneers, one of the oldest and most respected auction companies in not only this are, but the country. Debtor anticipates needing at least 60 days to properly market and list the Premises for auction. Attached hereto as Exhibit "C" is a leaflet from CBRE listing agent for a property located at 3401 Gaul Street, Philadelphia, PA 19134, and a market analysis of the 3401 Gaul Street listed at \$1,350,000.00 and other properties in the immediate area to the Premises that reflect the increased development and values.

The Premises will only clearly increase in value over the next 2 year life of the Plan and provide more than adequate protection to all creditors.

XVI. CONCLUSION.

In sum, the Debtor believes that the Plan is fair and equitable and maximizes payments to creditors and that the creditors should accordingly vote to accept the Plan.

DATED: May 22, 2017

H-D Acquisition Corp.

By: /s/ Allen Woodruff
President