

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

In re:

SPRING VALLEY REAL ESTATE
DEVELOPMENT, LLC

Debtor.

Case No. 16-14247-MDC

Chapter 11

DISCLOSURE STATEMENT

DATED JANUARY 4, 2017

BUCHANAN INGERSOLL & ROONEY PC

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Origen Capital Investments III, LLC

THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THE FILING AND DISSEMINATION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS A SOLICITATION OF ACCEPTANCES OF THE PLAN. ACCEPTANCES OF THE PLAN MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE. THE PLAN PROPONENT MAY SUPPLEMENT OR AMEND THIS DISCLOSURE STATEMENT OR ANY EXHIBITS ATTACHED HERETO AT ANY TIME PRIOR TO THE HEARING TO APPROVE THE DISCLOSURE STATEMENT.

IMPORTANT DATES

- Date and time by which Ballots must be received: _____, 2017 at 5:00 p.m. (Prevailing Eastern Time)
- Date and time by which objections to Confirmation of the Plan must be Filed and served: March _____, 2017 at 5:00 p.m. (Prevailing Eastern Time)
- Hearing on Confirmation of the Plan: _____ 2017 at _____ (Prevailing Eastern Time).
- Deadline to object to Disclosure Statement: _____, 2017 at 5:00 p.m. (Prevailing Eastern Time)

DISCLAIMER

THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE CHAPTER 11 PLAN OF REORGANIZATION FILED BY THE PLAN PROPONENT, 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 INTEREST HOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT WITH RESPECT TO THE PLAN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN AND ANY OTHER PLAN DOCUMENTS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT (A) THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF, OR (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 IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAWS. THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), AND THE SEC HAS NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR WITH “ADEQUATE INFORMATION” WITHIN THE MEANING OF THE BANKRUPTCY CODE, SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTOR SHOULD NOT RELY UPON THIS DISCLOSURE STATEMENT FOR SUCH PURPOSES AND SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSES FOR WHICH THEY WERE PREPARED.

NOTHING CONTAINED IN THE DISCLOSURE STATEMENT CONSTITUTES AN ADMISSION OR ACKNOWLEDGMENT THAT ANY CLAIMS OR INTERESTS DESCRIBED AND IDENTIFIED IN THE DISCLOSURE STATEMENT ARE VALID, ENFORCEABLE, ALLOWABLE, OR NOT SUBJECT TO DISPUTES, COUNTERCLAIMS OR SETOFFS.

THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT,

RATHER, AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO CONSTITUTE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN THE DEBTOR. PARTIES SHOULD CONSULT WITH THEIR OWN COUNSEL, ACCOUNTANTS, AND/OR TAX ADVISORS WITH RESPECT TO THE LEGAL EFFECTS AND OTHER CONSEQUENCES OF THE PLAN.

THE PLAN PROPONENT RESERVES THE RIGHT TO OBJECT TO THE AMOUNT OR CLASSIFICATION OF ANY CLAIM OR INTEREST.

THE ESTIMATES SET FORTH IN THIS DISCLOSURE STATEMENT CANNOT BE RELIED ON BY ANY CREDITOR OR INTEREST HOLDER WHOSE CLAIM OR INTEREST IS SUBJECT TO AN OBJECTION. A CLAIM HOLDER WHOSE CLAIM IS SUBJECT TO AN OBJECTION MAY NOT RECEIVE THE SPECIFIED SHARE OF THE ESTIMATED DISTRIBUTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT.

I. INTRODUCTION

Origen Capital Investments III, LLC (the “Plan Proponent”) filed a Plan of Reorganization for Spring Valley Real Estate Development, LLC (the “**Debtor**”) Pursuant to Chapter 11 of the United States Bankruptcy Code Liquidation (the “**Plan**”) with the United States Bankruptcy Court for the Eastern District of Pennsylvania (the “**Bankruptcy Court**”). A copy of the Plan is annexed hereto as Exhibit A.

The Plan Proponent submits this disclosure statement (the “**Disclosure Statement**”) pursuant to the Bankruptcy Code in connection with the solicitation of acceptances on the Plan from certain Holders of Claims against and Interests in the Debtor.

The purpose of this Disclosure Statement is to set forth information (a) regarding the Debtor’s history, its business and the Chapter 11 Case, (b) concerning the Plan and alternatives to the Plan, (c) advising the Holders of Claims against and Interests in the Debtor of their rights under the Plan, (d) assisting the Holders of Claims against and Interests in the Debtor in making an informed judgment regarding whether they should vote to accept or reject the Plan and (e) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of Chapter 11 of the Bankruptcy Code and should be confirmed.

Following a hearing held on June 22, 2016, this Disclosure Statement was conditionally approved by the Bankruptcy Court as containing “adequate information” in accordance with section 1125 of the Bankruptcy Code. Pursuant to section 1125(a)(1) of the Bankruptcy Code, “adequate information” is defined as “information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and the history of the debtor and the condition of the debtor’s books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interests in the relevant class to make an informed judgment about the plan.” NO STATEMENTS OR INFORMATION CONCERNING THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY HAVE BEEN AUTHORIZED, OTHER THAN THE STATEMENTS AND INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND THE INFORMATION ACCOMPANYING THIS DISCLOSURE STATEMENT. ALL OTHER STATEMENTS REGARDING THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY, WHETHER WRITTEN OR ORAL, ARE UNAUTHORIZED.

NOTWITHSTANDING THE CONDITIONAL APPROVAL OF THE DISCLOSURE STATEMENT, ALL INTERESTED PARTIES MAY OBJECT TO ANY ASPECT OF THIS DISCLOSURE STATEMENT AND THE HEARING ON THE OBJECTION WILL OCCUR IN CONJUNCTION WITH THE HEARING ON THE CONFIRMATION OF THE PLAN.

CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT INDICATE THAT THE BANKRUPTCY COURT RECOMMENDS EITHER ACCEPTANCE OR REJECTION OF THE PLAN NOR DOES SUCH APPROVAL CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION SUPPLEMENTARY TO THE PLAN AND IS NOT INTENDED TO TAKE THE PLACE OF THE PLAN. CREDITORS AND INTEREST HOLDERS ARE ADVISED TO STUDY THE PLAN CAREFULLY TO DETERMINE THE PLAN'S IMPACT ON THEIR CLAIMS OR INTERESTS. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. ALTHOUGH GREAT EFFORT WAS TAKEN TO ENSURE THE ACCURACY OF THIS DISCLOSURE STATEMENT AND THE ACCOMPANYING PLAN, NEITHER THE PLAN PROPONENT NOR ITS PROFESSIONALS CAN WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN AND THEREIN IS WITHOUT INACCURACIES OR ERRORS.

This Disclosure Statement contains important information that may bear upon your decision to accept or reject the Plan. The Disclosure Statement also provides information regarding alternatives to the Plan. Each Holder of a Claim or Interest should read this Disclosure Statement and the Plan in their entirety, including the conditions precedent to the Effective Date of the Plan contained in Article 9 of the Plan.

If you are a Holder of a Claim or Interest that is entitled to vote to accept or reject the Plan, a ballot for the acceptance or rejection of the Plan (the “**Ballot**”) is enclosed herewith. After carefully reviewing these documents, please indicate your vote with respect to the Plan on the enclosed Ballot and return it as instructed below and on the Ballot.

The Plan Proponent may supplement or amend this Disclosure Statement or any exhibits, schedules, and appendices attached hereto at any time prior to the hearing to approve this Disclosure Statement.

The information set forth herein is the product of the Debtor's books and records, historical material and public and non-public materials.

UNLESS OTHERWISE DEFINED HEREIN, ALL CAPITALIZED TERMS CONTAINED IN THIS DISCLOSURE STATEMENT SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN.

A. Disclosure Statement Exhibits

Attached hereto as an exhibit to this Disclosure Statement is the following documents:

Exhibit A The Plan

Exhibit B Debtor's bankruptcy schedules and statements

Exhibit C Liquidation analysis

B. Only Impaired Classes Vote

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are “impaired” under a plan may vote to accept or reject such plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable, or contractual rights are changed under

such plan. If the holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such Plan under section 1126(g) of the Bankruptcy Code and therefore, such holders do not cast votes on such Plan. In addition, Classes of Claims or Interests that are “unimpaired” are deemed to have accepted the Plan and do not cast votes on the Plan.

Under the Plan, Holders of Claims in Classes 1 and 2 are Unimpaired and therefore deemed to accept the Plan. The Holder of Claims in Class 3 is Impaired and are deemed to reject the Plan and are not entitled to vote.

ACCORDINGLY, NO BALLOTS FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED.

Holders of Claims or Interests may obtain copies of the Plan Supplement that will be Filed with the Bankruptcy Court at least ten (10) days prior to the Voting Deadline by (a) requesting the Plan Supplement by e-mail to mark.pfeiffer@bipc.com; or (b) sending a request by mail to Mark Pfeiffer, Esquire, Buchanan Ingersoll & Rooney, P.C., 50 S. 16th Street, Suite 3200, Philadelphia, PA 19102.

For a summary of the treatment of each Class of Claims and Interests, see Section II of this Disclosure Statement, “Overview of the Plan” below.

C. Confirmation Hearing

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for _____, 2017 at _____ (Prevailing Eastern Time) in the Bankruptcy Court located at 9th and Market Street, Philadelphia, PA (the “**Confirmation Hearing**”). The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be served and filed on or before _____ 1, 2017, at 5:00 p.m. (Prevailing Eastern Time) (the “**Confirmation Objection Deadline**”) in the manner described in the Confirmation Hearing Notice accompanying this Disclosure Statement. The date of the Confirmation Hearing may be adjourned from time to time without further notice except for an in-court announcement at the Confirmation Hearing of the date and time as to which the Confirmation Hearing has been adjourned or an appropriate Filing on the Bankruptcy Court’s docket.

II. OVERVIEW OF THE PLAN

THE FOLLOWING IS A BRIEF SUMMARY OF THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. THE DESCRIPTION OF THE PLAN SET FORTH BELOW CONSTITUTES A SUMMARY ONLY AND IS QUALIFIED, IN ITS ENTIRETY, BY THE PLAN, THE PLAN SUPPLEMENT, AND ANY OTHER PLAN DOCUMENTS. CREDITORS, INTEREST HOLDERS, AND OTHER PARTIES IN INTEREST ARE URGED TO REVIEW THE PLAN ITSELF, AND NOT TO RELY ON THE SUMMARY PROVIDED HEREIN. IN THE EVENT OF AN INCONSISTENCY BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN, THE PLAN SHALL CONTROL.

A. Summary of Treatment of Claims and Interests under the Plan. The below summarizes the classification and treatment of Claims and Interests under the Plan:

Class	Status	Voting Rights
Class 1: Secured Claims	Unimpaired	Not Entitled to Vote Deemed to Accept Plan
Class 2: General Unsecured Claims	Unimpaired	Not Entitled to Vote Deemed to Accept Plan
Class 3: Interests	Impaired	Not Entitled to Vote Deemed to Reject Plan

Class 1: Secured Claims. This Plan leaves unaltered the legal, equitable, and contractual rights of the Holders of Secured Claims. Notwithstanding anything set forth in this Plan, upon the entry of the Confirmation Order, the Holders of the Secured Claims will have the right to enforce their legal, equitable and contractual rights against the Debtor and the collateral securing the Claims. The Holders of first mortgages against the Debtor's real property shall have the option of including the real property subject to their first mortgages in the auction as described herein.

Class 2: General Unsecured Claims. Except as otherwise agreed to by such Holder of an Allowed General Unsecured Claim and the Plan Proponent, or the Reorganized Debtor, as applicable, the Plan leaves unaltered the legal, equitable and contractual rights of the Holders of the General Unsecured Claims. Notwithstanding anything set forth in this Plan, upon the entry of the Confirmation Order, the Holders of the General Unsecured Claims will have the right to enforce their legal, equitable and contractual rights against the Debtor and any property of the Debtor. On the Effective Date, all of the Debtor's property, other than the real property subject to the liens of the Holders of Secured Claims, shall vest in Earle Greer as trustee (the "Trustee") for the General Unsecured Creditors. The Trustee shall not use any of the property for his own benefit or for the benefit of the Debtor or Reorganized Debtor. The Trustee shall liquidate the property and distribute the proceeds to pay first the administrative claims and any remaining funds will be distributed to the Holders of General Unsecured Claims on a pro-rata basis.

Class 3: Interests. The Holder(s) of the Interests shall not receive or retain any property under this Plan on account of the Interests.

III. GENERAL INFORMATION CONCERNING THE DEBTOR

A. Overview of the Debtor and his Businesses

The Debtor's principal business is ownership and leasing of approximately 33 residential rental properties in and around Philadelphia, Pennsylvania. The Debtor is owned and managed by Earle Greer.

The Debtor's bankruptcy schedules list the following:

Assets	\$2,123,000
Liabilities	\$1,746,750

The liabilities include secured claims totalin \$1,642,750, priority claims of \$45,000 and general unsecured claims of \$59,000.

The above information is based on the Debtor's bankruptcy filings and have not been confirmed or verified by the Plan Proponent.

B. Events Leading up to the Chapter 11 Filing

The Debtor's bankruptcy case was filed as a result of collection efforts made by the Debtor's secured lenders.

IV. EVENTS DURING THE CHAPTER 11 CASES

On the Petition Date, the Debtor Filed its voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. During the bankruptcy case, the Debtor sought to employ counsel and the Debtor undertook little, if any, other reorganization efforts. Various creditors filed motions for relief from the automatic stay to permit them to continue foreclosure proceedings and various creditors sought to have the case converted to a chapter 7 liquidation proceeding.

V. SUMMARY OF THE PLAN OF REORGANIZATION

The following sections summarize the salient provisions of the Plan. This summary refers to, and is qualified in its entirety by, reference to the Plan, a copy of which is attached hereto as Exhibit A. THE TERMS OF THE PLAN WILL GOVERN IN THE EVENT ANY INCONSISTENCY ARISES BETWEEN THIS SUMMARY AND THE PLAN.

Parties are encouraged to review the Plan in its entirety for a full understanding of its provisions and its impact on Creditors and Interest Holders.

The Bankruptcy Court has not yet confirmed the Plan described in this Disclosure Statement. In other words, the terms of the Plan do not yet bind any person or entity. **HOWEVER, IF THE BANKRUPTCY COURT CONFIRMS THE PLAN AND THE PLAN BECOMES EFFECTIVE, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS OR INTERESTS.**

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its interest holders, or to conduct an orderly liquidation of its assets to maximize asset recoveries. Another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization or liquidation is the principal objective of a chapter 11 case. A plan generally sets forth the means for satisfying claims against and interests in the debtor. Confirmation of a plan by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of, or holder of equity in, the debtor, whether or not such creditor or equity holder (a) is impaired under or has accepted the plan or (b) receives or retains any property under the plan.

After a plan of reorganization or liquidation has been filed in a chapter 11 case, certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed decision whether to accept or reject the plan. The Plan Proponent is submitting this Disclosure Statement to Holders of Allowed Claims against or Allowed Interests in the Debtor in order to satisfy the requirements of section 1125 of the Bankruptcy Code.

B. Plan Objectives

The primary objectives of the Plan are to: (i) maximize the value of the ultimate recovery to all Creditors and Interest Holders on a fair and equitable basis, compared to the value they would receive if the assets of the Debtor were liquidated under chapter 7 of the Bankruptcy Code; and (ii) settle, compromise or otherwise dispose of certain Claims and Interests on terms believed to be fair and reasonable in the best interests of the Debtor, the Debtor's Creditors and Interest Holders. The Plan Proponent believes that through the Plan, Holders of Allowed Claims and Allowed Interests will obtain a recovery substantially better than any recovery they would receive if the assets of the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

C. Overall Structure of the Plan

The Plan provides for the treatment of Claims against the Debtor and Interests in the Debtor. Under the Plan, the all creditors will retain all of their legal and equitable rights to proceed against the Debtor and the Debtor's property. The secured creditors are given the option to participate in an auction of their collateral and the secured creditors can credit bid at the

action. In the event that there are any proceeds of the auction after payment of secured claims and closing costs, the proceeds will be paid to a trustee (the "Trustee") established by the Plan. The Trustee will be the Debtor's principal Earle Greer who will be responsible for liquidating all of the Debtor's property and distributing the cash proceeds to administrative, priority and unsecured creditors in the order of their priority.

The Reorganized Debtor will not continue its business operations.

D. Classification and Allowance of Claims and Interests Generally

Section 1123 of the Bankruptcy Code provides that, except for administrative expense claims and priority tax claims, a plan of reorganization must categorize claims against and equity interests in a debtor into individual classes. Although the Bankruptcy Code gives a plan proponent significant flexibility in classifying claims and interests, section 1122 of the Bankruptcy Code dictates that a plan of reorganization may only place a claim or an equity interest into a class containing claims or equity interests that are substantially similar.

The Plan creates several "Classes" of Claims and Interests. These Classes take into account the differing nature and priority of Claims against and Interests in the Debtor. Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting or receiving Distributions under the Plan, but are treated separately as unclassified Claims.

A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

The Plan provides specific treatment for each Class of Claims or Interests. Only Holders of Allowed Claims or Allowed Interests are entitled to vote on and receive Distributions under the Plan.

Unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim or Interest under the Plan will be in full satisfaction, settlement, release and discharge of, and in exchange for, such Claim or Interest.

The categories of Claims and Interests and their treatment listed below classify Claims and Interests for all purposes, including voting, confirmation and Distribution pursuant to the Plan, except as otherwise provided herein or in the Plan, and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

E. Treatment of Unclassified Claims under the Plan

Unclassified Claims are Unimpaired by the Plan. The following are the unclassified Claims: Administrative Expense Claims and Priority Tax Claims.

Administrative Expense Claims

Administrative Expense Claims are Claims for costs and expenses of administration of the Chapter 11 Cases Allowed under sections 503(b), 507(b) or, if applicable, 1114(e)(2) of the Bankruptcy Code, including but not limited to: (a) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the businesses of the Debtor (including, but not limited to, wages, salaries, commissions for services and payments for inventories, leased equipment and premises) and Claims by Governmental Units for taxes (including Claims related to taxes which accrued after the Petition Date, but excluding Claims related to taxes which accrued on or before the Petition Date); (b) compensation for legal, financial, advisory, accounting and other services and reimbursement of expenses Allowed by the Bankruptcy Court under sections 328, 330, 331, 363 or 503(b) of the Bankruptcy Code to the extent incurred on or prior to the Effective Date; (c) all fees and charges assessed against the Debtor's Estate under section 1930, chapter 123 of title 28 of the United States Code; and (d) any Claims that have been designated "**Administrative Expense Claims**" by order of the Bankruptcy Court.

The Bankruptcy Code does not require that administrative expense claims be classified under a plan. It does require, however, that allowed administrative expense claims be paid in full in Cash in order for a plan to be confirmed, unless the holder of such claim consents to different treatment.

Treatment: Administrative Expense Claims will be paid by the Debtor from the Debtor's current cash reserves.

Priority Tax Claims

A Priority Tax Claims is a Claim or a portion of a Claim for which priority is asserted under section 507(a)(8) of the Bankruptcy Code.

The taxes entitled to priority are: (a) taxes on income or gross receipts that meet the requirements of section 507(a)(8)(A); (b) property taxes meeting the requirements of section 507(a)(8)(B); (c) taxes that were required to be collected or withheld by the Debtor and for which the Debtor is liable in any capacity as described in section 507(a)(8)(C); (d) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to section 507(a)(4), to the extent such taxes also meet the requirements of section 507(a)(8)(D); (e) excise taxes of the kind specified in section 507(a)(8)(E); (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F); and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G).

The Bankruptcy Code does not require that Priority Tax Claims be classified under a plan. It does require, however, that such claims receive the treatment described below in order for a plan to be confirmed unless the holder of such claims consents to different treatment.

Treatment: The Debtor's Priority Tax Claims relate to real estate taxes and will be paid by the purchaser(s) upon the sale of the Debtor's real estate as described herein.

F. Treatment of Classified Claims and Interests under the Plan

The treatment of Claims against and Interests in the Debtor is set forth in detail in Article III of the Plan. A summary of that treatment is provided below.

Unless the Holder of an Allowed Claim or Allowed Interest and the Plan Proponent or the Debtor, as applicable, agree to a different treatment, each Holder of an Allowed Claim or Allowed Interest will receive the following Distributions in accordance with Article III of the Plan:

Class 1: Secured Claims. This Plan leaves unaltered the legal, equitable, and contractual rights of the Holders of Secured Claims. Notwithstanding anything set forth in this Plan, upon the entry of the Confirmation Order, the Holders of the Secured Claims will have the right to enforce their legal, equitable and contractual rights against the Debtor and the collateral securing the Claims. The Holders of first mortgages against the Debtor's real property shall have the option of including the real property subject to their first mortgages in the auction as described herein.

Class 2: General Unsecured Claims. Except as otherwise agreed to by such Holder of an Allowed General Unsecured Claim and the Plan Proponent, or the Reorganized Debtor, as applicable, the Plan leaves unaltered the legal, equitable and contractual rights of the Holders of the General Unsecured Claims. Notwithstanding anything set forth in this Plan, upon the entry of the Confirmation Order, the Holders of the General Unsecured Claims will have the right to enforce their legal, equitable and contractual rights against the Debtor and any property of the Debtor. On the Effective Date, all of the Debtor's property, other than the real property subject to the liens of the Holders of Secured Claims, shall vest in Earle Greer as trustee (the "Trustee") for the General Unsecured Creditors. The Trustee shall not use any of the property for his own benefit or for the benefit of the Debtor or Reorganized Debtor. The Trustee shall liquidate the property and distribute the proceeds to pay first the administrative claims and any remaining funds will be distributed to the Holders of General Unsecured Claims on a pro-rata basis.

Class 3: Interests. The Holder(s) of the Interests shall not receive or retain any property under this Plan on account of the Interests.

None of the classes shall be entitled to vote.

G. Miscellaneous Provisions

Reservation of Rights Regarding Claims and Interests

Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtor's or Reorganized Debtor's rights and defenses, both legal and equitable, with respect to any Claims or Interests, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Plan Proponent reserves the right to request Confirmation of the Plan, as it may be modified from time to time, pursuant to section 1129(b) of the Bankruptcy Code. The Plan Proponent reserves the right to alter, amend, modify, revoke, or withdraw the Plan, the Plan Supplement or any schedule or exhibit, including amending or modifying as necessary to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

Controversy Concerning Impairment

If a controversy arises as to whether any Claim or Interest is Impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

H. Means of Implementing the Plan

Auction of Real Estate. Each of the Holders of first mortgage liens against the Debtor's real property shall have the option to include the real property subject to the Holder's mortgage in an auction to occur on the first Tuesday that is more than fifteen days after the entry of the Confirmation Order. The auction shall be conducted by the Plan Proponent at 10:00 am local time in the office of the Plan Proponent's counsel. In order to include the respective properties in the auction, the Holders of the first mortgage liens shall be required to pay the Plan Proponent \$5,000.00 per auctioned property as reimbursement for the estimated costs and expenses of conducting the auction and consummating the sale. Each Holder of first mortgage liens against the Debtor's real property shall be entitled to credit bid the amount of their debt with respect to the property. All other bidders are required to bid cash and make a non-returnable deposit of twenty percent (20%) of the purchase price immediately in immediately available funds upon the conclusion of the auction. The successful purchasers shall be required to close on the sale within 14 days of the auction. The successful purchasers shall be responsible to pay all closings costs, real estate taxes and transfer taxes at closing. If the successful bidder fails to timely pay the deposit or timely consummate the purchase and pay the balance of the purchase price, the property may be sold to a back-up bidder. The selection of the winning bidder and back-up bidder shall be made in the sole discretion of the holder of the first mortgage lien for each property. The purchase price for each property will be paid to the Plan Proponent who will distribute the cash proceeds, if any, to the Holders of Secured Claims in the order of lien priority. If there are any proceeds remaining after payment of the Holders of Secured Claims with respect to each property, the Plan Proponent shall distribute the excess proceeds to the Trustee. The purchaser will take the property on an "as is" and "where is" basis without any representations and warranties. The sale shall be free and clear of all interests, liens, claims and encumbrances pursuant to 11 U.S.C. § 363(f). The Plan Proponent is authorized to sign all deeds and documents required to convey the property as attorney-in-fact for the Debtor and Reorganized Debtor and the Plan Proponent is not required to act in the best interests of the Debtor and Reorganized Debtor. The Plan Proponent owes no duty of loyalty to the Debtor and Reorganized Debtor. The deed for each property shall include, at the option of any purchaser that is a Holder of a Secured Claim, that the issuance and acceptance of the deed shall not cause the purchaser's lien to merge with the purchaser's title and that the lien shall survive closing and delivery and

acceptance of the deed. The purchaser's will take the properties subject to any existing leases. Notwithstanding the foregoing, the purchasers shall retain the right to foreclose upon their existing liens, if they elect to have the liens survive closing and not merge with the deed, and the foreclosure may divest existing leases to the extent permitted under applicable law. The Plan Proponent shall file a notice with the Court regarding the auction results on the closings on the sales.

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance and distribution of any Securities contemplated by this Plan and any and all settlement agreements incorporated herein, including the New Equity, shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution, or sale of Securities. In addition, under section 1145 of the Bankruptcy Code, any Securities contemplated by the Plan and any and all settlement agreements incorporated herein will be freely tradable by the recipients thereof, subject to (1) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments, (2) the restrictions, if any, on the transferability of such Securities and instruments; and (3) applicable regulatory approval.

VI. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption of Executory Contracts and Unexpired Leases

There are no executory contracts or unexpired leases to be dealt with by this Plan other than the existing real property leases for the properties subject to the auction as described in the previous Article V.

VII. CONFIRMATION AND CONSUMMATION OF THE PLAN

Each of the following is a condition precedent to the occurrence of the Effective Date:

- (a)** the Confirmation Order, in a form and substance reasonably acceptable to the Plan Proponent, shall have been entered by the Bankruptcy Court; and
- (b)** all documents, instruments, and agreements provided under, or necessary to implement, this Plan shall have been executed and delivered by the applicable parties and shall be in a form and substance reasonably acceptable to the Plan Proponent.

On or before five (5) Business Days after the Effective Date, the Plan Proponent shall mail or cause to be mailed to all Holders of Claims or Interests and a notice that informs such Persons of (a) the entry of the Confirmation Order, (b) the occurrence of the Effective Date; and (c) such other matters as may be ordered by the Bankruptcy Court.

The Plan Proponent, may at any time, without notice or authorization of the Bankruptcy Court, waive in writing any or all of the conditions precedent to the Effective Date set forth in

Article 9.1 of the Plan, whereupon the Effective Date shall occur without further action by any Person, provided, however, that the condition specified in Article 9.1(a) of the Plan may not be waived. The Plan Proponent reserve the right to assert that any appeal from the Confirmation Order shall be moot after the Effective Date of this Plan.

If each of the conditions specified in Article 9.1 of the Plan have not been satisfied or waived in the manner provided in Article 9.3 herein within thirty (30) calendar days after the Confirmation Date, then: (i) the Confirmation Order shall be vacated and of no further force or effect; (ii) no Distributions under the Plan shall be made; (iii) the Debtor and all Holders of Claims against or Interests in the Debtor shall be restored to the status quo as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; and (iv) all of the Debtor's obligations with respect to Claims and Interests shall remain unaffected by the Plan and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other Person or to prejudice in any manner the rights of the Debtor or any Person in any further proceedings involving the Debtor, and the Plan shall be deemed withdrawn. Upon such occurrence, the Plan Proponent shall file a written notification with the Bankruptcy Court and serve it upon such parties as the Bankruptcy Court may direct.

VIII. EFFECTS OF CONFIRMATION OF THE PLAN

A. Discharge of Claims and Termination of Interests

The Debtor will not receive any discharge and all creditors may continue to pursue any claims against the Debtor and Reorganized Debtor on and after the Effective Date.

B. Exculpation and Releases.

1. Exculpation and Limitation of Liability.

Notwithstanding any other provision of this Plan, the Released Parties shall not have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or Affiliates, or any of their successors or assigns, for any act or omission relating to, in any way, or arising from (i) the Chapter 11 Case, (ii) formulating, negotiating, or implementing this Plan (including the Disclosure Statement), any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan; (iii) any other post-petition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtor; (iv) the solicitation of acceptances of this Plan, the pursuit of Confirmation of this Plan, the Confirmation of this Plan, the Consummation of this Plan, or (v) the administration of this Plan or the property to be distributed under this Plan, except for their gross negligence or willful misconduct as determined by a Final Order, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under this Plan. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations, and any other applicable law or rules protecting such Released Parties from liability.

C. Term of Bankruptcy Injunction or Stays.

All injunctions or stays provided for in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Notwithstanding the foregoing, no injunction or stay shall be effective against the Released Parties following the Effective Date.

IX. MISCELLANEOUS PLAN PROVISIONS

A. Modification of the Plan

The Plan Proponent may alter, amend, or modify the Plan or any exhibits or schedules thereto under section 1127(a) of the Bankruptcy Code at any time prior to or after the Confirmation Date but prior to the substantial Consummation of the Plan, provided, however, that any such alteration, amendment or modification does not materially and adversely affect the treatment of Holders of Claims or Interests under the Plan. Any Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

B. Revocation, Withdrawal, or Non-Confirmation of the Plan

The Plan Proponent reserves the right to revoke or withdraw the Plan prior to the Confirmation Hearing. If the Plan is revoked or withdrawn prior to the Confirmation Hearing, or if the Plan is not confirmed by the Bankruptcy Court, then (a) the Plan shall be null and void in all respects, and (b) nothing contained in the Plan or this Disclosure Statement shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, the Debtor or any other Person, (ii) prejudice in any manner the rights of the Plan Proponent or any other Person, or (iii) constitute an admission of any sort by the Plan Proponent, or any other Person.

C. Binding Effect

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any Holder of a Claim against, or Interest in, the Debtor and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan.

D. Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Plan Proponent, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or

interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may be altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

E. Filing of Additional Documents

On or before the Effective Date of the Plan, the Plan Proponent may issue, execute, deliver, and File with the Bankruptcy Court or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the Plan.

F. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Person.

G. Governing Law

Except to the extent that the Bankruptcy Code or Bankruptcy Rules or other federal laws is applicable, and subject to the provisions of any contract, instrument, release, or other agreement or document entered into in connection with the Plan, the construction, implementation and enforcement of the Plan and all rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, without giving effect to conflicts of law principles which would apply the law of a jurisdiction other than the Commonwealth of Pennsylvania or the United States of America.

X. GENERAL INFORMATION ON CONFIRMATION PROCEDURE

A. Plan Confirmation Process

Requirements

The requirements for confirmation of the Plan are set forth in detail in section 1129 of the Bankruptcy Code. The following summarizes some of the pertinent requirements:

(a) Acceptance by All Impaired Classes

Except as noted below, each Impaired Class of Claims must vote to either accept the Plan or be deemed to accept the Plan. "Impaired" is defined in section 1124 of the Bankruptcy Code. A Claim or Interest is Impaired unless the Plan leaves unaltered the legal, equitable, or contractual rights of the Holder. Under the Plan, Claims in Class 3, Class 4 and Class 5 are Impaired. Holders of Claims in Class 3 and Class 4 are entitled to vote, separately, to accept or reject the Plan. Holders of Claims in Class 5 receive no Distributions under the Plan and, therefore, are deemed under section 1126(g) of the Bankruptcy Code to have rejected the Plan.

As a voting Creditor, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, Creditors holding a majority in number and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan. At least one Impaired Class of Creditors, excluding the votes of Insiders (if any), must actually vote to accept the Plan.

(b) Feasibility

Pursuant to section 1129(a)(11) of the Bankruptcy Code, the Bankruptcy Court must determine, among other things, that confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtor or any successors to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. In addition, section 1129(a)(13) requires that all fees payable under section 1930 of title 28, as determined by the court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan. These conditions are often referred to as the “feasibility” of the Plan.

(c) “Best Interests” Test

Pursuant to section 1129(a)(7) of the Bankruptcy Code, the Bankruptcy Court must find that the Plan is in the best interests of Creditors and Interest Holders (commonly referred to as the “Best Interests” test). To satisfy the “Best Interests” test, the Bankruptcy Court must determine that each Holder of an Impaired Claim or Impaired Interest either: (i) has accepted the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective Date, has a value not less than the amount such Holder would receive if the Debtor’s property were liquidated under chapter 7 of the Bankruptcy Code on that date.

The first step in meeting the “Best Interests” test is to determine the proceeds that would be generated from the hypothetical liquidation of the Debtor’s assets and properties in the context of a chapter 7 liquidation. The gross amount of cash and cash equivalents available would be the sum of the proceeds from the disposition of the Debtor’s assets and the Cash held by the Debtor at the time of the commencement of its chapter 7 case. Such amount is reduced by the amount of any Claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtor’s business and the use of chapter 7 for the purposes of a liquidation.

(i) Costs and Expenses of Liquidation

In a chapter 7 liquidation, a trustee in bankruptcy would be appointed. The net amount generated from the liquidation of the Debtor’s assets would be reduced by the administrative expenses of both the chapter 7 case and the Chapter 11 case, including the fees and commissions of the chapter 7 trustee, as well as those of counsel and other professionals that might be retained by the chapter 7 trustee, in addition to unpaid expenses incurred by the Debtor during the Chapter 11 Case. These expenses and costs would reduce the net proceeds available to Holders of Allowed Claims or Allowed Interests.

Any remaining net Cash would be allocated to creditors and stockholders in strict accordance with the priorities set forth in section 726 of the Bankruptcy Code. The present value

of such allocation of the hypothetical liquidation proceeds (after deducting the amounts described above) is then compared with the present value of the proposed Distributions under the Plan to each of the Classes of Claims and Interests to determine if the Plan is in the best interests of each Creditor or Holder of an Interest.

If the present value of the Distributions available to unsecured creditors under the hypothetical liquidation is less than or equal to the present value of the Distributions available to unsecured creditors under the Plan, then the Plan is in the best interests of creditors and can be considered in the “**best interests of creditors**” by the Bankruptcy Court.

(ii) The Plan Meets the Best Interests Test

The Plan Proponent believe that the Plan will produce a recovery for Holders of Claims that would be equal to or better than would be achieved in a chapter 7 liquidation. If the Chapter 11 case were converted to a case under chapter 7, the Debtor’s most recent liquidation analysis attached to the Debtor’s amended Disclosure Statement states there would be no distribution to unsecured creditors. Although the Debtor’s liquidation analysis may not be complete or accurate, the proposed Plan provides for the payment of all unsecured claims in full on the Effective Date, except for the Claims of the Plan Proponent. As a result, the proposed Plan satisfies the best interests test.

For the reasons set forth above, the Plan Proponent believes that the Plan provides a recovery at least equal to, if not better than, the recovery in a chapter 7 case for Holders of Claims, and the Plan meets the requirements of the Best Interest Test.

(d) “Cramdown” Provisions

Pursuant to section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm a plan even though a class of claims or equity interests has not voted to accept the plan, as long as one impaired class of claims has accepted the plan (excluding the votes of Insiders, if any) and the plan is “fair and equitable” and “does not discriminate unfairly” against the non-accepting classes.

The Plan only impairs certain Classes of Claims and Interests. Therefore, the Plan Proponent may, if applicable, pursue confirmation through a “cramdown” provision only under section 1129(b)(2)(B), which states, in pertinent part, that a plan is “fair and equitable” to a class if, among other things, the plan provides, with respect to unsecured claims and equity interests, that the holder of any such claim or equity interest that is junior to the claims or equity interests of such class, will not receive or retain, on account of such junior claim or equity interest, any property unless the senior class is paid in full.

A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are similar to those of the dissenting class and if no class receives more than it is entitled to receive on account of its claim or interest. The Plan Proponent will invoke the “cramdown” provisions of section 1129(b)(2)(B) of the Bankruptcy Code should any voting Class fail to accept the Plan.

Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. To confirm the Plan, the Bankruptcy Court must determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code (the “**Confirmation Hearing**”). The Bankruptcy Court has set _____, **2017 at _____**
_____ (Prevailing Eastern Time) for the Confirmation Hearing.

Objections to Confirmation and Disclosure Statement

Any party in interest may object to confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set August 8, 2016 at 5:00 p.m. (Prevailing Eastern Time) as the deadline for Filing and serving objections upon the Plan Proponent’s attorneys. Objections to confirmation must be Filed with the Bankruptcy Court electronically, with a copy simultaneously served upon the attorneys for the Plan Proponent at the addresses below:

Mark Pfeiffer, Esquire
Buchanan Ingersoll & Rooney, P.C.
50 S. 16th Street, Suite 3200
Philadelphia, PA 19102

XI. RISK FACTORS

ALL IMPAIRED HOLDERS OF CLAIMS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.

A. Bankruptcy Factors

Classifications of Claims and Interests

Parties in interest may object to the Plan Proponent’s classification of Claims and Interests. Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Plan Proponent believes that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

Non-Occurrence of the Effective Date

If the conditions precedent to the Effective Date, which are set forth in Article 10.1 of the Plan, have not been satisfied or waived, the Bankruptcy Court may vacate the Confirmation Order. THERE CAN BE NO ASSURANCE THAT ALL OF THE VARIOUS CONDITIONS PRECEDENT TO THE EFFECTIVE DATE OF THE PLAN WILL BE TIMELY SATISFIED OR WAIVED. In the event that the conditions precedent to the Effective Date have not been timely satisfied or waived, the Plan would be deemed null and void and (i) the Debtor or another

party-in-interest may propose or solicit votes on an alternative plan that may not be as favorable to parties-in-interest as the current Plan, (i) the Chapter 11 Case could be converted to a case under chapter 7 of the Bankruptcy Code; or (iii) the Chapter 11 Case could be dismissed.

Failure to Receive Requisite Accepting Votes

There can be no assurance that the requisite acceptances to confirm the Plan will be received. In order for the Plan to be accepted, of those Holders of Claims who cast Ballots, the affirmative vote of at least two-thirds (2/3) in amount and more than one-half (1/2) in number of Allowed Claims in each voting Class is required.

If the requisite votes are not received, the Chapter 11 Case could be converted into a case under chapter 7 of the Bankruptcy Code or dismissed. There can be no assurance that the distributions under a chapter 7 liquidation or dismissal would be similar to or as favorable to Holders of Claims as those proposed in the Plan. The Plan Proponent believes that Distributions to Creditors would be significantly reduced and delayed under a chapter 7 liquidation, as discussed hereinabove.

Failure to Confirm the Plan

Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or equity holder of the Debtor might challenge the confirmation of the Plan or the balloting procedures and/or voting results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that the Disclosure Statement and the balloting procedures and results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for confirmation have not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes.

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that the Plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting Classes and that the value of Distributions to non-accepting Holders of Claims or Interests within a particular Class under the Plan will not be less than the value of Distributions such Holders would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. While there can be no assurance that these requirements will be met, the Plan Proponent believes that non-accepting Holders within each Class under the Plan will receive Distributions at least as great as would be received following a liquidation under chapter 7 of the Bankruptcy Code when taking into consideration all administrative claims and costs associated with any such chapter 7 case.

If the Plan is not confirmed, it is unclear what distributions Holders of Claims or Interests ultimately would receive with respect to their Claims and Interests. If an alternative Plan could not be agreed to, it is possible that the Debtor would convert the Chapter 11 Case to a chapter 7 case or dismiss the Chapter 11 Case, in which case it is likely that Holders of Claims or Interests would receive substantially less favorable treatment than they would receive under the Plan.

In addition, in the event that the Plan is not confirmed, the Debtor could incur substantial expenses related to the development and confirmation of a new plan and possibly the approval of

a new disclosure statement. This would only unnecessarily prolong the administration of the Debtor's assets and negatively affect Creditors' recoveries on their Claims.

Similarly, as described above, in the event the Chapter 11 Case is converted to a case under chapter 7 of the Bankruptcy Code, the Debtor will incur substantial expenses related to hiring additional professionals and paying the fees of the chapter 7 trustee. The additional cost will only serve to reduce Distributions to Creditors.

Alternative Chapter 11 Plan

If the Plan is not confirmed, any other party-in-interest may attempt to formulate an alternative chapter 11 plan. However, the Plan Proponent believes that such an alternative chapter 11 plan will necessarily be significantly inferior to the Plan proposed herewith. The prosecution of an alternative chapter 11 plan would unnecessarily delay Creditors' receipt of distributions and, due to the incurrence of additional administrative expenses during such period of delay, may provide for smaller distributions to Holders of Allowed Claims than are currently provided for in the Plan. Accordingly, the Plan Proponent believes that the Plan will enable all Creditors to realize the greatest possible recovery on their respective Claims and with the least delay.

XII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain material United States federal income tax aspects of the Plan, is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on provisions of the Internal Revenue Code of 1986, as amended (the "**IRC**"), proposed Treasury Regulations promulgated thereunder, and administrative rulings and court decisions, all as in effect on the date hereof. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the United States federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the United States federal income tax consequences of the Plan. To the extent that the following discussion relates to the consequences to Holders of Allowed Claims or Interests, it is limited to Holders that are United States persons within in the meaning of the IRC. For purposes of the following discussion, a "**United States person**" is any of the following:

- An individual who is a citizen or resident of the United States;
- A corporation created or organized under the laws of the United States or any state or political subdivision thereof;
- An estate, the income of which is subject to federal income taxation regardless of its source; or

- A trust that (a) is subject to the primary supervision of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust, or (b) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. No ruling has been requested or obtained from the Internal Revenue Service (the “IRS”) with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. Thus, no assurance can be given as to whether the IRS will agree with the assertions and conditions discussed herein. No representations or assurances are being made to the Holders of Claims or Interests with respect to the United States federal income tax consequences described herein. In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to special classes of taxpayers (such as banks, mutual funds, insurance companies, tax-exempt organizations, investors in pass-through entities and Holders of Claims who are themselves in bankruptcy). Furthermore, this discussion assumes that Holders of Claims hold only Claims in a single Class.

Any discussion of United States federal tax issues set forth in this Disclosure Statement is written solely in connection with the confirmation of the Plan. To ensure compliance with Treasury Department Circular 230, Holders of Claims or Interests are hereby notified that: (a) any discussion of federal tax issues in this Disclosure Statement is not intended or written to be relied upon, and cannot be relied upon, by Holders of Claims or Interests for the purpose of avoiding penalties that may be imposed on Holders of Claims or Interests under the Internal Revenue Code; (b) such discussion is not written to support the promotion or marketing (within the meaning of Circular 230) of the transactions or matters addressed herein; and (c) a Holder of a Claim or Interest should seek advice based on their particular circumstances from an independent tax advisor.

A Holder of an Allowed Claim or Interest will generally recognize ordinary income to the extent that the amount of Cash or property received (or to be received) under the Plan is attributable to interest that accrued on a Claim or Interest but was not previously paid by the Debtor or included in income by the Holder of the Allowed Claim or Interest. A Holder of an Allowed Claim or Interest will generally recognize gain or loss equal to the difference between the Holder’s adjusted basis in its Claim or Interest and the amount realized by the Holder upon consummation of the Plan that is not attributable to accrued but unpaid interest. The amount realized will equal the sum of Cash and the fair market value of other consideration received (or to be received).

The character of any gain or loss that is recognized as such will depend upon a number of factors, including the status of the Creditor or Interest Holder, the nature of the Claim or Interest in the Creditor’s or Interest Holder’s hands, whether the Claim or Interest was purchased at a discount, whether and to what extent the Creditor or Interest Holder has previously claimed a bad debt deduction with respect to the Claim or Interest, and the Creditor’s or Interest Holder’s holding period of the Claim or Interest. If the Claim or Interest in the Creditor’s or Interest Holder’s hands is a capital asset, the gain or loss realized will generally be characterized as a

capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if the Creditor or Interest Holder held such Claim or Interest for longer than one year, or short-term capital gain or loss if the Creditor or Interest Holder held such Claim or Interest for less than one year.

A Holder of an Allowed Claim or Interest who receives, in respect of its Claim or Interest, an amount that is less than its tax basis in such Claim or Interest may be entitled to a bad debt deduction if either: (i) the Holder is a corporation; or (ii) the Claim or Interest constituted (a) a debt created or acquired (as the case may be) in connection with a trade or business of the Holder or (b) a debt the loss from the worthlessness of which is incurred in the Holder's trade or business. A Holder that has previously recognized a loss or deduction in respect of its Claim or Interest may be required to include in its gross income (as ordinary income) any amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in such Claim or Interest.

Holders of Claims or Interests who were not previously required to include any accrued but unpaid interest with respect to a Claim or Interest may be treated as receiving taxable interest income to the extent any consideration they receive under the Plan is allocable to such interest. Holders previously required to include in their gross income any accrued but unpaid interest with respect to a Claim or Interest may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the Plan.

Holders of a Claim or Interest constituting any installment obligation for tax purposes may be required to currently recognize any gain remaining with respect to such obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of section 453B of the IRC.

A. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FOREGOING DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE UNCERTAIN IN MANY CASES AND MAY VARY DEPENDING ON A CLAIM HOLDER'S OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM HOLDERS AND INTEREST HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

XIII. ALTERNATIVES TO THE PLAN

The Plan Proponent has determined that the Plan is the most practical means of providing for maximum recoveries to the Holders of Allowed Claims and Allowed Interests. Alternatives to the Plan that have been considered and evaluated by the Plan Proponent during the course of the Chapter 11 Case include (i) liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code and (ii) dismissal of the Chapter 11 Case. Through consideration of these

alternatives to the Plan, the Plan Proponent has concluded that the Plan, in comparison, will likely provide a greater recovery to Holders of Allowed Claims and Allowed Interests on a more expeditious timetable, and in a manner that minimizes certain risks inherent in any other course of action available to the Plan Proponent.

A. Liquidation under Chapter 7

If the Plan or any other chapter 11 plan for the Debtor cannot be confirmed under sections 1129(a) and (b) of the Bankruptcy Code, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, and a trustee would be elected or appointed to liquidate any remaining assets of the Debtor for Distribution to Holders of Allowed Claims and Interests pursuant to chapter 7 of the Bankruptcy Code. If a trustee is appointed and the remaining assets of the Debtor are liquidated under chapter 7 of the Bankruptcy Code, all Creditors and Interest Holders under the Plan may receive Distributions of a lesser value on account of their Allowed Claims and Allowed Interests and may have to wait a longer period of time to receive such Distributions than they would under the Plan.

B. Dismissal

If the Chapter 11 Case is dismissed outside the context of the Plan, the protections of the Bankruptcy Code would disappear, thereby resulting in costly, uncontrolled and protracted litigation in various jurisdictions among and between the Debtor and the Holders of Claims and Interests. Therefore, the Plan Proponent believes that dismissal of the Chapter 11 Case (except as provided in the Plan) is not a viable alternative to Confirmation of the Plan.

XIV. RECOMMENDATIONS

The Plan Proponent believes that the Plan is substantially preferable to any other plan, preferable to liquidation under chapter 7 of the Bankruptcy Code, and preferable to a dismissal of the Chapter 11 Case. Conversion of the Chapter 11 Case to a case under chapter 7 would result in substantial delays in the distribution of proceeds available and would significantly increase administrative costs, and, therefore, would materially reduce Creditor and Interest Holder recoveries. Therefore, the Plan Proponent strongly recommends that you vote in favor of the Plan.

XV. CONCLUSION

It is important that you exercise your right to vote on the Plan. The Plan Proponent believes that the Plan fairly and equitably provides for the treatment of all Claims against, and Interests in, the Debtor.

Dated: January 4, 2017
Philadelphia, Pennsylvania

EXHIBITS

Exhibit A The Plan

Exhibit B Debtor's bankruptcy schedules and statements

Exhibit C Liquidation analysis