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

IN RE:	:	**Chapter 11**
McNEILL PROPERTIES V, LLC	:	
DEBTOR	:	**Bankruptcy No. 16-14944(JKF)**

THIRD AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE DESCRIBING THE THIRD AMENDED PLAN OF REORGANIZATION PROPOSED BY MCNEILL PROPERTIES V, LLC AS THE DEBTOR AND DEBTOR -IN-POSSESSION

PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY. THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN OF REORGANIZATION. THE DEBTOR BELIEVES THAT THE PLAN OF REORGANIZATION IS IN THE BEST INTEREST OF THE CREDITORS AND THAT THE PLAN IS FAIR AND EQUITABLE. THE DEBTOR URGES THAT THE VOTER ACCEPT THE PLAN.

Dated: March 13, 2017

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I. INTRODUCTION

McNeill Properties V, LLC (the "Debtor" or "Prop V"), provides this third amended disclosure statement (the "Disclosure Statement") to all of its known Creditors and "Interest Holders" entitled to the same pursuant to section 1125 of the United States Code, as amended (the "Bankruptcy Code ") in connection with the third amended plan of reorganization (the "Plan") filed by the Debtor. A copy of the Plan accompanies the Disclosure Statement. The purpose of the Disclosure Statement is to provide creditors of the Debtor with such information as may be deemed material, important and necessary in order to make a reasonably informed decision in exercising the right to vote on the Plan. The capitalized items used in this Disclosure Statement, if not defined herein, shall have the same meaning as indicated in the Plan.

NO REPRESENTATION CONCERNING THE DEBTOR-IN-POSSESSION (INCLUDING THOSE RELATING TO FUTURE OPERATIONS, THE VALUE OF ASSETS, ANY PROPERTY, OR CREDITORS AND OTHER CLAIMS) INCONSISTENT WITH ANYTHING CONTAINED HEREIN HAVE BEEN AUTHORIZED.

On July 12, 2016 (the "Petition Date"), the Debtor and Debtor-in-Possession commenced a bankruptcy case by filing a voluntary petition under chapter 11 of title 11 of Bankruptcy Code. Since the Petition Date, the Debtor has continued in the operation of its business as Debtor-in-possession pursuant to §§1107(a) and 1108 of the Bankruptcy Code. The Debtor's affiliate, McNeill Group, Inc., filed a Chapter 11 on July 12, 2016.

A. Purpose of this Document.

This Disclosure Statement summarizes the treatment in the Plan and tells you certain information relating to the Plan by describing the process that the Court follows in determining whether or not to confirm the Plan.

READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO KNOW ABOUT:

(1) WHO CAN VOTE OR OBJECT,

(2) THE PROPOSED TREATMENT OF YOUR CLAIM (i.e., what your claim will receive if the Plan is confirmed), AND HOW THIS TREATMENT COMPARES TO WHAT YOU WOULD RECEIVE IN LIQUIDATION,

(3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING THE BANKRUPTCY;

(4) WHAT THE COURT WILL CONSIDER WHEN DECIDING WHETHER TO CONFIRM THE PLAN,

(5) THE EFFECT OF CONFIRMATION, AND

(6) THE FEASIBILITY OF THE PLAN.

This Disclosure Statement cannot tell you everything about your rights. You should consider consulting your own attorney to obtain more specific advice on how this Plan will affect you and what is the best course of action for you.

Be sure to read the Plan as well as the Disclosure Statement. The Plan is the legally operative document regarding the treatment of Claims and Interests and the terms and conditions of the

Debtor's reorganization. Accordingly, to the extent that there are any inconsistencies between the Plan and Disclosure Statement, the Plan provisions will govern.

Bankruptcy Code Section 1125 requires a disclosure statement to contain "adequate information" concerning the Plan. The term "adequate information" is defined in Bankruptcy Code as information of a kind, and in sufficient detail that would enable a hypothetical reasonable investor typical of holders of claims or interests of the debtor to make an informed decision about accepting or rejecting the Plan. The Bankruptcy Court has determined that the information contained in this Disclosure Statement is adequate, and it has approved this document in accordance with Bankruptcy Code section 1124.

This Disclosure Statement is provided to each Creditor whose Claim has been scheduled by the Debtor or who has filed a proof of claim against the Debtor and to each interest holder of record as of the date of the filing of this Disclosure Statement. Under the Bankruptcy Code, your acceptance of the Plan may not be solicited unless you receive a copy of this Disclosure Statement prior to or concurrently with such solicitation.

B. Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, a Debtor is permitted to reorganize its business affairs for its own benefit and that of its creditors and other interest holders.

The objective of a Chapter 11 case is the formulation of a plan of reorganization of the Debtor and its affairs. Creditors are given an opportunity to vote on any proposed plan, and the plan must be confirmed by the Bankruptcy Court to be valid and binding on all parties. Once the plan is confirmed, all Claims against the Debtor which arose before the Chapter 11 proceeding was initiated

are extinguished unless specifically preserved in the Plan.

C. **Disclaimers**

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE PLAN OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON DEBTOR, HOLDERS OF CLAIMS OR INTERESTS, OR THE REORGANIZED DEBTOR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND THE STATEMENTS AND REPRESENTATIONS CONTAINED HEREIN ARE MADE SOLELY BY OR AT THE INSTANCE OF THE PLAN PROPONENT.

NO REPRESENTATIONS CONCERNING THE PLAN ARE AUTHORIZED BY THE PLAN PROPONENT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE PLAN PROPONENT DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN IS WITHOUT INACCURACIES.

CERTAIN OF THE INFORMATION PROVIDED, BY ITS NATURE, IS FORWARD LOOKING, CONTAINS ESTIMATES AND ASSUMPTIONS WHICH MAY PROVE TO BE FALSE OR INACCURATE AND CONTAINS PROJECTIONS WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE EXPERIENCES. SUCH ESTIMATES AND ASSUMPTIONS ARE MADE FOR INFORMATIONAL PURPOSES ONLY. PLEASE NOTE THAT THE APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A RULING ON THE MERITS, FEASIBILITY OR

DESIRABILITY OF THE PLAN.

II. VOTING PROCEDURE

The Bankruptcy Court reviewed this Disclosure Statement and entered an Order determining that it contained "adequate information" such that creditors can meaningfully evaluate the Plan. Only after creditors have had an opportunity to vote on the Plan will the Court consider the Plan and determine whether it should be approved or confirmed.

All creditors entitled to vote on the Plan may cast its vote for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be returned to the following address in the enclosed envelope:

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BALLOTS MUST BE RECEIVED ON OR BEFORE **5:00 P.M. ON _____, 2017** TO BE COUNTED IN THE VOTING. BALLOTS RECEIVED AFTER THIS TIME WILL NOT BE COUNTED IN THE VOTING UNLESS THE COURT SO ORDERS. THE DEBTOR RECOMMENDS A VOTE "FOR ACCEPTANCE" OF THE PLAN.

A. Persons Entitled to Vote on Plan

Only the votes of classes of Claimants and Interest holders which are Impaired by the Plan are counted in connection with confirmation of the Plan. Generally, and subject to the specific provisions of Section 1124 of the Bankruptcy Code, this includes creditors who, under the Plan, will receive less than payment in full of its Claims.

In determining the acceptance of the Plan, a vote will only be counted if submitted by a creditor whose claim is duly scheduled by the Debtor as undisputed, non-contingent and unliquidated, or who has timely filed with the Court a proof of claim which has not been objected to or disallowed prior to computation of the votes on the Plan. The Ballot Form does not constitute a proof of claim. If you are in any way uncertain if your Claim has been correctly scheduled, you may check the Debtor's Schedules which are on file in the Bankruptcy Court, but it is suggested that you file a proof of claim. The Clerk of the Bankruptcy Court will not provide this information by telephone.

B. Hearing on Confirmation

The Bankruptcy Court will set a hearing to determine whether the Plan has been accepted by the requisite number of creditors and whether the other requirements for confirmation of the Plan have been satisfied. Each creditor will receive, either with this Disclosure Statement or separately, the Bankruptcy Court's Notice of Hearing on Confirmation of the Plan.

C. Acceptances Necessary to Confirm Plan

At the scheduled confirmation hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by each impaired class. Under Section 1126 of the Bankruptcy Code, an impaired class is deemed to have accepted the Plan if at least 2/3 in amount and

more than 1/2 in number of the Allowed Claims of class members who have voted to accept or reject the Plan have voted for acceptance of the Plan. Further, unless there is acceptance of the Plan by all members of an impaired class, the Bankruptcy Court must also determine that under the Plan class members will receive property of a value, as of the Effective Date of the Plan, that is not less than the amount that such class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

D. Confirmation of the Plan Without the Necessary Acceptances

The Plan may be confirmed even if it is not accepted by all of the impaired classes if the Bankruptcy Court finds that the Plan (1) does not discriminate unfairly against such class or classes; (2) such class or classes will receive or retain under the Plan not less than the amount the Claimant would receive if the Debtor were liquidated under Chapter 7; and (3) is fair and equitable as to such class or classes as set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that, among other things, the Claimant must either receive the full value of its Claims or, if it receives less, no class with junior priority may receive anything. If the class of Unsecured Claims does not accept the Plan and the Plan does not propose to pay the class its Allowed Claims in full, no junior class may retain its equity interest, unless the shareholders contribute new money related to its participation in equity. In short, this provision provides that creditors are entitled to priority over stock holders against the property of an insolvent corporation, to the extent of its debts. The stockholder's interest in the property is subordinate to the rights of the creditors; first of secured and then of unsecured creditors.

The Debtor-in-Possession may, at its option, choose to rely upon this provision to seek confirmation of the Plan if it is not accepted by an impaired class or classes of Creditors.

III. BACKGROUND OF THE DEBTOR

A. History and Cause of Bankruptcy

As set forth above, on July 12, 2016, Prop V commenced this bankruptcy case by filing a voluntary petition under chapter 11 of title 11 of the Bankruptcy Code. On that same day, McNeill Group Inc. ("Group") commenced a separate bankruptcy case by filing a voluntary petition under chapter 11 of the Bankruptcy Code. The Prop V and Group bankruptcy cases were jointly administered by order of the Bankruptcy Court on July 30, 2014. See Case No. 16-14943, Docket Item 56. The Group Debtor is filing its own Plan.

On July 13, 2016, Ciardi Ciardi & Astin filed an application to be retained as counsel for the Debtor. On August 24, 2016, this Court entered an Order granting the Application to employ Ciardi Ciardi & Astin as counsel to the Debtor. See Docket Item 58. No trustee or examiner has been appointed in this Chapter 11 case. As of the date of the filing of the Plan, no creditors' committee has been appointed in this Chapter 11 case by the United States Trustee.

Prior to the Petition Date, in 2004, Edward J. McNeill, Jr. ("McNeill") purchased the real property located at 4152 Quakerbridge Road, Lawrenceville, New Jersey (the "Property"). The Property was originally purposed as a SYMS clothing store. After purchasing the Property, McNeill converted the department store into a gym facility. The gym facility was originally occupied by a Golds Gym. However, in 2014 McNeill re-branded the Property as Lawrenceville Gym or New Jersey Athletics Club (the "Gym"). When the Gym originally opened in 2004, it was nearly 20,000 square feet smaller than it is today. The Gym has continued to expand and gain in both size and members. McNeill saw the opportunity to grow the Gym even more if he created a family facility complete with classes for kids, swim lessons, babysitting, and other

activities for the whole family. McNeill's vision was to take the modern day gymnasium and evolve it into a full life center catering to mom, dad, kids, and individual adults. It was determined, by expanding into a sports club with a focus on family memberships, the business could increase annual gross revenue and the value of individual memberships, while dramatically reducing annual attrition. Families join and stay longer, and revenue per square foot increases due to higher-priced family memberships. Family memberships also increase daily cash flow, as members spend more on ancillary revenue streams, such as the juice bar, pro shop, and personal training. After completing the expansion, the Gym became the area's largest and only family sports club serving the adolescent to senior market.

Commencing in June 2009, the Debtor and Lawrenceville Gym entered into a series of loan agreements with The Provident Bank ("Provident") in the original principal amount of $6,500,000.00 to refinance a loan from Sovereign Bank. From 2009 through 2012, the Gym continued to operate at a high level and memberships continued to grow. In 2012, the Gym had approximately 5,400 members and had gross revenue of approximately $3,800,000.00. Thereafter, on or about December 4, 2013, Provident loaned the Debtor an additional principal amount of $2,600,000.00 to expand the Gym with construction set to begin in December of 2014. This loan was utilized by the Debtor in order to start the transition from a normal gym to a family-oriented full life center.

In August 2014, the company was the victim of an arson by an unknown person. After communications to the building were cut, there was a break-in and bottles of gasoline were placed in the IT room and lit on fire. The sprinkler system extinguished the fire, but because all communications were cut, the authorities were not notified. The sprinkler system poured out

thousands of gallons of water over a period of six (6) hours overnight, only to be discovered upon opening the next morning. The damage caused was substantial enough to completely shut down the business for one week. The business was able to open on a limited basis after one week, but major areas of the club were closed for several months thereafter.

The fire incident occurred at the worst time. September is traditionally one of the best months for the Gym to add new members. As a result of the fire, the Debtor lost the opportunity to sell memberships at this time. The loss in membership caused a steep decline in overall revenues. The loss in memberships also had a significant negative ancillary revenue effect, as less members mean less daily spend and daily cash flow. Because the Debtor was not fully operational until the beginning of 2015, the Debtor also had a soft 1st quarter of 2015. Due to the highly seasonal nature in the fitness industry, the membership sales in the 1st quarter drive the revenues for the remainder of the calendar year. The situation that the Debtor experienced in 2014 would be akin to a retail establishment missing their holiday shopping season.

Shortly after the fire, the Debtor approached Provident to temporarily modify the existing loans and requested short-term lending until the insurance claim was settled. Provident presented the company with a $425,000.00 term loan to cover a portion of the business loss until the insurance proceeds were received. There was no modification of any of the existing loans at that time. With regard to the Debtor's insurance claim, the Debtor was insured for both the physical damage and business loss, but, to date, has only received $71,000.00 of the $470,000 business loss and extended loss coverage. Additionally, approximately $50,000 is still owed for the property claim. A total of $460,000.00 has not been paid out as part of the claim more than two (2) years after the incident.

Prior to the fire, the construction was scheduled to be completed in August of 2015. Unfortunately, due to township delays, variances needed for the project, and the arson, the Debtor's necessary approvals took several months, all while the Debtor was paying interest on a fully funded loan. The construction project did not begin until November 2014, with the first application for payment to the contractor in December 2014. In January 2015, the contractor notified the company that it had not been paid any funds by Provident. Even though the Debtor was paying all loans as agreed, no monies were being forwarded to the contractors.

In March of 2015, Provident provided the Debtor a forbearance agreement that was to last until October of 2015. This forbearance agreement further cross-collateralized the Debtor's affiliated companies. It was communicated to the Debtor at this time that the forbearance would expire on October 1, 2015, to coincide with the original completion date of the construction project. At that time, the Debtor expressed concerns about the timeline because the project was already delayed. In response to its concerns, the Debtor was told that the two parties would sit and discuss either extending or refinancing the loans once the project neared completion. Approximately two (2) weeks after the forbearance was signed, Provident paid the two outstanding construction advances. At that point, it took another month to remobilize the project and it was not until May of 2015 that construction resumed. This delay further eroded the Debtor's customer confidence during an already difficult period following the fire.

Unfortunately, because of the already existing delay of construction, the Debtor quickly discovered that a forbearance agreement to October of 2015 was not going to be sufficient with the construction timeline. The Debtor was told at this time that the expected construction completion date was going to be around December of 2015. The Debtor requested that the

forbearance agreement be extended until the completion of construction. The Debtor and Provident were unable to reach agreement on extending the forbearance agreement. During the forbearance period, the Debtor made all necessary payments. Although the Debtor found a new investor, the Debtor was unable to close a loan on new financing prior to the conclusion of 2015.

The expansion to the Gym was completed at the end of November of 2015, and although November and December are typically soft sales months, the Gym did experience growth in those months above historical numbers. This growth continued into 2016. Historically, January is the highest membership sales month in the industry, easily doubling the number of sales achieved in any other month of the year, and this was the case for the Gym in January 2016. The Debtor saw an increase of ten (10%) percent in new members in January 2016 compared to January 2015. This seasonality, as well as the launch of the new expansion, provided the Gym with a great start in 2016.

Since January 2016, the Gym has seen steadily increasing membership gains and increased daily cash due to the increased members. As of the Petition Date, the Gym had a total of 4,528 members. This is an increase of six (6%) percent since July of 2015 and an increase of five (5%) since December of 2015. The daily revenue due to the increase in members has increased $5,000.00 each month since the construction has concluded. Also, as a result of the construction and expansion to the Gym, the Gym increased its membership prices and overall prices of the facility. The Gym continues to increase its classes and scheduled workouts to members, which has made the Gym more marketable as a fitness life center.

Immediately prior to the Petition Date, McNeill Properties V, LLC, Lawrenceville Gym, LLC and University Athletics Management, LLC ("UAM") merged into the Debtor, McNeill

Properties V, LLC. In addition to the revenue of the Gym, the Debtor has consistent revenue from UAM. UAM has an on-going contract with Rider University to staff and facilitate the colleges recreational athletics. This additional revenue will continue to help fund this reorganization.

As of the Petition Date, the Debtor has seen its revenue continuously grow while limiting and reducing the costs to operate the Gym. Moreover, UAM continuously provides additional revenue for the Debtor which is invaluable to the Estate. Since the construction finished in November 2015, the Gym is operating at increased capacity and has room to continue to grow. The Debtor's 4,559 members represents only fifty-three (53%) percent of capacity, and the Debtor has room to continue to increase both revenue and members. With every additional member, the Debtor increases its monthly revenue and daily cash.

Since Provident defaulted the Debtor in October 2015, the Debtor has consistently sought re-financing. Ultimately, Provident obtained a judgment and filed a writ of execution and levied the Debtor's bank accounts in July 2016. The Debtor avers that if the arson did not occur, and if Provident did not levy the Debtor's accounts, the Debtor would not have been forced to seek bankruptcy relief.

LIQUIDATION ANALYSIS

On a liquidation basis, in the context of an auction or conversion of the above-referenced case to a Chapter 7, the Property will not achieve a value in excess of the amounts currently owed to the Debtor's Secured Creditors because the highest and best use of the Property is a gym facility. In the event that the Debtor is forced to liquidate, said liquidation would result in a zero distribution for unsecured creditors after costs of sale and administrative claims which is significantly lower than the

proposed one hundred cent payoff set forth in the Debtor's Plan. See Liquidation Analysis prepared by Debtor attached hereto as **Exhibit "A".** The Debtor is using a liquidation value of $14,000,000 for the Property based upon an appraisal obtained by Provident (the "Provident Appraisal"). The Provident Appraisal valued the "as is" market value of the fee simple interest in the Property as of April 17, 2015 at $14,300,000 and the "prospective value opinion" as $16,850,000. The Provident Appraisal utilized the Cost Approach Method for its appraisal. The Provident Appraisal used a land value of $2,325,000 and an estimated building replacement cost of $15,283,321. Once depreciation costs were included, Provident Appraisal had a prospective value of $16,839,10, which was rounded to $16,850,000 for its "Prospective Value Opinion." Provident calculated its "as is" market value by subtracting its remaining construction costs from the prospective value which resulted in a figure of $14,316,200, which amount was rounded to $14,300,000. The Debtor has serious concerns regarding the Provident Appraisal. First, the Provident Appraisal acknowledges that the subject property is specifically designed to operate as a fitness center and if the building were to be used for an alternative use, it would require "considerable retro-fitting and at a sizeable cost." Accordingly, any alternative use would require removal of a mezzanine, parking considerations and other approvals which the Debtor believes results in a substantial liquidation value discount of 30%.

In late 2015, the Debtor sought replacement financing from Investors Bank ("Investors") in the amount of $10,300,000 with a twenty (20) year term. In connection with the requested financing, Investors obtained an appraisal of the Property (the "Investors Appraisal"). The Investors Appraisal valued the leased fee interest of the Property as of November 10, 2015 and determined the value was $17,080,000. The Investors Appraisal also utilized the Cost Approach Method for its appraisal. Investors also valued the land at $2,325,000 and had an estimated building replacement cost of

$19,179,575, which included over $3,000,000 in entrepreneurial profit and indirect costs. Once depreciation costs were included, Investors Appraisal had a prospective value of $17,441,727 which was rounded to $17,450,000 for its "Prospective Value Opinion." Investors calculated its "as is" market value by subtracting its remaining construction costs from the prospective value which resulted in a figure of $17,080,000.

Once again, the Debtor has serious concerns about the validity of the Investors Appraisal because (1) the valuation is based upon having another gym/healthcare facility come in and lease the Property, and (2) Investors declined to loan the Debtor any money despite the large equity cushion. Thus, the Debtor puts no weight in the Investors Appraisal and does not believe any creditor should do so either. Provident believes the value of the Property in a liquidation scenario would support a one hundred (100%) percent payoff to all creditors.

C. Management of the Debtor

The Debtor will continue to be managed by the owner, Edward J. McNeill, Jr.

D. Significant Events During the Bankruptcy

a. Bankruptcy Proceedings

i. The Debtor's voluntary chapter 11 petition was filed on July 12, 2016. McNeill Group, Inc., filed its Petition the same day.

ii. The Debtor filed an Emergency Motion for Use of Cash Collateral on July 13, 2016.

iii. On July 18, 2016, the Debtor was granted interim use of cash collateral.

iv. On August, 11, 2016, the Debtor's Schedules of Assets and Liabilities and Statement of Financial Affairs were filed.

v. On August 23, 2016, the Debtor filed a Writ of Summons in order to toll the Statute of Limitations and preserve its claims against Philadelphia Insurance Indemnity Company in order to recover insurance funds due and owing to Debtor as result to the fire in August of 2014.

vi. On August, 24, 2016, an Order approving the Debtor's Application to Employ Ciardi Ciardi & Astin as its Counsel was entered.

vii. Also on August 24, 2016, an Order was entered granting McNeill Properties V, LLC and McNeill Group, Inc.'s Joint Administration Motion. In addition, the Court granted the Debtor's Motion for Authority to Assume the Insurance Premium Finance Agreement with Flatiron Capital.

viii. On September 1, 2016, the Debtor filed an Application to Employ Integrity Square, LLC as a Consultant to assist the Debtor with daily operations, strategic marketing, advertisement, and other matters to ensure and improve profitability at the Gym.

ix. On September 2, 2016, the Court granted the Debtor's further use of cash collateral.

x. On September 20, 2016, the Debtor filed a Motion to Set a Bar Date as to Proof of Claims requesting that November 21, 2016 be the deadline for filing all claims.

xi. On September 21, 2016, the Debtor filed its Initial Monthly Operating Report.

xii. On September 23, 2016, Provident bank filed a Motion to Appoint a Chapter 11 Trustee.

xiii. On September 28, 2016 the Debtor filed an Application to Retain Friedman, LLP as its accountants to assist with, inter alia, the conclusion of all the merged entities books and records and any other of post-petition books and assistance needed by the Debtor. The Court approved the application to retain Friedman in November, 2016 and Friedman has commenced work.

xiv. On October 3, 2016, the Debtor filed an Application to Retain Young Adjustment Company, Inc. as public adjuster to assist the Debtor with the unresolved portions of the outstanding claim relating to the fire. The Court approved the adjuster's application and the public adjuster is working with the Debtor and the insurance company to liquidate the remaining insurance claims. The insurance company requested additional documents/information from the Debtor in late October, 2016. At this time, the claims are still under review by the insurance company.

xv. On December 7, 2016, the Court approved a temporary cell tower lease with Sprint.com. The lease agreement provides for an additional $3,000 of revenue to the Debtor on a monthly basis.

b. Actual and Projected Recovery of Preferential or Fraudulent Transfers.

After an internal analysis of potential avoidance actions, considering the cost effectiveness of such actions in light of existing meritorious defenses and the fact that the Debtor's Plan provides for

a 100% distribution to creditors, the Debtor concluded that the cost of such actions far outweighs any potential benefit to the Debtor's estate. Moreover, the Debtor believes no other cause(s) of action exist.

E. Post-Bankruptcy Operations

Since the Filing Date, the Debtor has filed all operating reports and has paid all required fees to the United States Trustee. The Debtor will continue to file all reports and pay all fees as they become due. The Debtor has also taken significant steps to increase its profitability and efficiency. These actions are discussed, *supra*, at section IV(E)(5).

On August 23, 2016, the Debtor filed a Writ of Summons to toll the Statute of Limitations and preserve its claims against Philadelphia Insurance Indemnity Company in order to recover insurance funds due and owing to Debtor as result to the fire. To date, the Debtor has been working with its court appointed adjuster to attempt to liquidate the claim without the need for the litigation.

F. Projections and Assumptions

Attached hereto as **Exhibit "B"** is the Debtor's Plan Budget and accompanying Assumptions.

IV. SUMMARY OF PLAN OF REORGANIZATION

A. What Creditors and Interest Holders Will Receive Under the Proposed Plan.

The Plan classifies Claims and Interests in various classes. The Plan states whether each class of Claims or Interests is impaired or unimpaired. The Plan provides the treatment each class will receive. The following is a brief summary of the Plan and is qualified in its entirety by the full text of the Plan itself. The Plan, if confirmed, will be binding upon the Debtor, its creditors and shareholders. All creditors are urged to carefully read the Plan.

B. Unclassified Claims.

Certain types of Claims are not placed into voting classes. They are not considered Impaired and they do not vote on the Plan because they are automatically entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Proponent has not placed the following Claims in a class:

1. Administrative Expenses and Fees

Administrative expenses are Claims for fees, costs or expenses of administering the Debtor' chapter 11 cases which are allowed under the Bankruptcy Code section 507(a)(1), including all professional compensation requests pursuant to section 330 and 331 of the Bankruptcy Code.

i. Time for Filing Administrative Claims

The holder of an Administrative Claim, other than (i) a Fee Claim or (ii) a liability incurred and paid in the ordinary course of business by the Debtor, must file with the Bankruptcy Court and serve on the Debtor and its counsel, notice of such Administrative Claim within (30) days after the Confirmation Date. Such notice must include at minimum (i) the name of the holder of the Claim, (ii) the amount of the Claim, and (iii) the basis of the Claim. Failure to file this notice timely and properly shall result in the Administrative Claim being forever barred and discharged.

ii. Time for Filing Fee Claims

The Debtor's attorneys filed its first fee application in January 2017. The Debtor incurred $105,761.73 for fees and expenses incurred through November 30, 2016. Additional Professional fees are estimated at $100,000. Each professional person who holds or asserts an Administrative Claim that is a Fee Claim incurred before the Effective Date shall be required to file with the

Bankruptcy Court a fee application within sixty (60) days after the Effective Date. Failure to file the fee application timely shall result in the Fee Claim being forever barred and discharged.

iii. Allowance of Administrative Claims

An Administrative Claim with respect to which notice has been properly filed pursuant to Section 5.1 (a) the Plan shall become an Allowed Administrative Claim if no objection is filed after thirty (30) days lapses from the filing and service of notice of such Administrative Claim. If an objection is filed within such (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

iv. Payment of Allowed Administrative Claim

Administrative claims of non-professionals are estimated at $0.00. Each holder of an Allowed Administrative Claim shall receive (i) the amount of such holder's Allowed Claim upon the Effective Date, (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder as long as no payment is made thereon prior to the Effective Date so long as such modification of treatment made by the Debtor and any holder of an allowed administrative claim does not impair any other class, or (iii) as may be otherwise ordered by the Court, provided that an Administrative Claim representing a liability incurred in the ordinary course of business by the Debtor may be paid in the ordinary course of business.

v. Professionals Fees Incurred After the Effective Date

Any professional fees incurred by the Debtor after the Effective Date must be approved by the Debtor and, thereafter, paid. Neither Bankruptcy Court approval, nor consent of creditors whose claims may be impaired by the payment of post-confirmation Professional Fees, is required. Any

dispute which may arise with regard to professional fees after the Effective Date shall be submitted to the Bankruptcy Court, which shall retain jurisdiction to settle these types of disputes.

2. **Priority Tax Claims.** Priority Tax Claims are certain unsecured income, employment and other taxes described by Bankruptcy Code section 507(a)(8). The Bankruptcy Code requires that each holder of such a section 507(a)(8) Priority Tax Claim receive the present value of such Claim in one lump sum if the claim is ultimately allowed or such other treatment agreed to by the parties. As of the date of the filing of the Disclosure Statement, the State of New Jersey filed two (2) proof of claims in the amounts of $141,592.64 and $44,838.61. These amounts include unsecured, nonpriority amounts. The Debtor does not dispute these amounts.

C. **Treatment of Classes of Claim**

The Plan divides Claims and Interests into various separate classes. Under the Plan, there are four (4) separate classes of creditors (classes 1 through 4) and one Class of interest holders (Class 5).

Class 1. **Secured Claim of the Lender, The Provident Bank.** Class 1 is impaired. Provident entered into four (4) separate loans with the Debtor pre-petition in the aggregate and original principal amount of $9,995,000.00 (collectively, the "Loans"). The Loans are secured by the Real Property and all personal property included within the Real Property. The Loans are evidenced, inter alia, by a Note, Mortgage and other loan documents executed pre-petition. Hereinafter, such loan documents shall be referred to as the "Pre-Petition Loan Documents." Except as otherwise provided herein, the treatment and consideration to be received by Class 1 shall be in full settlement, satisfaction, release, and discharge of its respective Claims and Liens against the Debtor. Except as otherwise provided herein, the Debtor releases any claim it may have against Provident . Class 1 is over secured.

A. Treatment

As of the Petition Date, the aggregate amount due and owing to Provident was $9,890,115.49 (the "Provident Claim"). The Provident Claim includes interest through July 12, 2016. In addition to the Provident Claim, Provident shall be entitled to a claim equal to all attorneys fees and expenses which amount is estimated at $200,000.00 (the "Provident Attorney Fee Claim"). The Debtor will continue to make adequate protections payments to Provident on the Provident Claim pending confirmation and through the Effective Date. The adequate protection payments will not reduce the Provident Claim. The Provident Claim and the Provident Attorney Fee Claim shall be memorialized in definitive documents to be executed by the parties, but may be summarized as follows:

(a) Commencing the first day of the first calendar month after the Effective Date and continuing for eleven (11) months, payments on the Provident Claim will be in the amount of $50,000.00. Interest will continue to accrue and be paid on the Provident Claim at the interest rate of 6.50%;

(b) Commencing on the thirteenth (13th) month after the Effective Date, the Debtor will increase its payments by $8,000.00, making the new payment $58,000.00 on the Provident Claim, such that monthly payments are applied first to interest and then to principal. Interest will continue to accrue and be paid on the Provident Claim at a floating rate of prime (using the WSJ prime rate) plus 250 basis points, adjusted monthly;

(c) In addition, when the Debtor has paid in full the line items on its Budget for (i) Professional Fees attorney, (ii) Real Estate Tax Payment, and (iii)

Sales Tax Payment, Provident will receive those payments that would otherwise be paid to those claimants to be applied to principal;

(d) Commencing after the Effective Date, to the extent the Debtor's projected net cash flow is exceeded by twenty (20%) percent, Provident will receive seventy-five (75%) percent of the excess cash over the twenty (20%) percent with the remaining twenty-five (25%) percent to go back to the Debtor (the "Excess Cash") on a quarterly basis (the "Provident Excess Payment"). The Debtor's budget is attached as Exhibit "B." The Provident Excess Payment will be due (to the extent the cash flow allows as set forth above) twenty-five (25) days after the quarter's end. The Excess Cash can only be used for reinvestment into the Debtor, capital purchases, and/or administrative expenses. Any money received on behalf of the loss of Business claim shall be excluded from Excess Cash;

(e) To the extent the Provident Attorney Fee Claim is not paid in full by McNeill Group, Inc., the Provident Attorney Fee shall be paid in full upon the sixty-first monthly anniversary of the Effective Date of the Plan;

(f) The Debtor shall maintain insurance and pay all post-petition taxes, including, but not limited to, real estate tax due under Plan, real estate tax due in the normal course, and sales tax due under the Plan(collectively, the "Post-Petition Taxes") as they become due. Failure to pay the Post-Petition Taxes shall be a Default under the Plan, defined *infra*;

(g) Provident shall retain its lien until the Provident Claim and the Provident Attorney Fee Claim is paid in full;

(h) Upon the Effective Date of the Plan, all payments from Robert Wood Johnson under a rent assignment shall be paid to the Debtor;

(i) Until the Provident Claim and Provident Fee Claim are paid in full, the Debtor's principal, Edward J. McNeill, Jr. will not receive any increase in salary or other compensation;

(j) If the Debtor fails to make any of the Plan payments to Provident on the Provident Claim or the Provident Attorney Fee Claim, including the payment for Post-Petition Taxes, and such non- payment continues for ten (10) business days, the Debtor will be in default on the eleventh (11th) day (the "Default") and a default interest rate of nine (9%) percent will accrue on the Provident Claim;

(k) In the event that a Default continues for sixty (60) calendar days without a cure (defined to be payment of all sums then due Provident to the date of the cure) (the "Continuing Default"), Sean Southard, Esquire is appointed as Independent Seller to pursue and consummate a sale of the Gym pursuant to 11 U.S.C. § 363;

(l) At the time of Confirmation, Edward J. McNeill, Jr. shall pledge 100% his interest in the Debtor in favor of Provident or its designee to be used solely as a remedy in the event that there is a Continuing Default under the Plan;

(m) As long as the Debtor is not in Default under the Plan, Provident shall forbear from exercising on its judgment against Edward J. McNeill, Jr.

(n) Provident and the Debtor will modify the loan documents consistent with the agreed upon terms set forth herein, such documents to also contain terms customary for a commercial mortgage loan, and such documents will be binding on the Debtor;

(o) The Debtor shall provide Provident with financial reporting on a monthly and yearly basis. Such reports shall be in a form approved by Provident and shall be provided to Provident by the 20th of the month;

(p) On the sixty-first monthly anniversary of the Effective Date, all remaining amounts due under the Provident Claim and the Provident Attorney Fee Claim shall be paid in full.

Class 2. **Secured Claim of Lawrence Township.** Class 2 consists of the real estate taxes due and owing to Lawrence Township for the Real Property. Class 2 is Impaired. As of the Petition Date, the Class 2 Claim was $116,463.73 (the "Real Estate Tax Claim"). Commencing on the Effective Date, the Class 2 Claimant shall receive twenty-four (24) equal monthly payments of $5,317.00 in full settlement, satisfaction, release and discharge of the Real Estate Tax Claim.

Class 3. **Secured Claim of Premier Construction Group and all Mechanic's Lien Claim Holders.** Class 3 consists of Premier Construction Group, Inc. together with all other creditors that have filed mechanic's lien claims against the Real Property (collectively, the "Mechanic's Lien Claims"). Class 3 is Impaired under the Plan.

Per the settlement stipulation entered into by the parties on December 7, 2016, and except as otherwise provided herein, the treatment and consideration to be received by Class 3 shall be in full settlement, satisfaction, release and discharge of their respective secured claims. The Class 3 Claim shall be set at $428,391.18 (collectively, the "Mechanic's Lien Claims Amount"). Payments on the Mechanic's Lien Claims Amount will be based on a twenty-five (25) year amortization schedule commencing the first day of the first calendar month after the Effective Date and continuing for sixty (60) months with interest accruing at four (4%) percent. All remaining amounts due under the Mechanic's Lien Claims Amount will be paid on the sixty-first (61st) month following the Effective Date.

For payment purposes only, Blooming Glen will have a claim of $121,049.16 (the "Blooming Glen Claim"), which for payment purposes only, will be separated from the Mechanic's Lien Claims Amount. After deducting the Blooming Glen Claim from the Mechanic's Lien Claims Amount, for payment purposes only, Premier will have a claim amount of $307,342.02 (the "Premier Claim"). The payments made to Premier on account of the Premier Claim will be $1,622.26 a month for 60 months with a balloon payment of $267,709.09 on the sixty-first month following the Effective Date. The payments to Blooming Glen on account of the Blooming Glen Claim will be $638.94 a month for 60 months with a balloon payment of $105,439.31 on the sixty-first month following the Effective Date.

Class 4. **Unsecured Claims.** Class 4 consists of the Alleged Unsecured Claims. Class 4 is impaired. The Debtor proposes to pay the holders of Allowed General Unsecured Claims in full by distributing monthly payments of $4,657.82 on a *pro rata* basis for sixty (60) months commencing on the Effective Date. The treatment and consideration to be received by

holders of Class 4 Allowed Claims shall be in full settlement, satisfaction, release, and discharge of their respective Claims and Liens.

Class 5. **Interest Holders**. Class 5 consists of the membership interests of the Debtor. Class 5 is impaired. All existing membership interests shall be retained by the current holders of said interests. Holders of Class 5 claims shall not receive a distribution until the holders of Claims in Classes 1 through 4 are paid in full.

D. Estimation of Distribution to Unsecured Creditors

It is estimated that Unsecured Creditors will receive 100% of their claims in monthly payments of $4,657.82 on a *pro rata* basis for sixty (60) months commencing on the Effective Date.

E. Implementation of the Plan

1. Execution of Documents. Prior to the Effective Date, the Debtor is authorized and directed to execute and deliver all documents and to take and to cause to be taken all action necessary or appropriate to execute and implement the provisions of this Plan.

2. Alterations, Amendments or Modifications. This Plan may be altered, amended, or modified by the Proponent before or after the Confirmation Date, as provided in §1127 of the Bankruptcy Code.

3. Final Decree. After final distributions are made, the Debtor shall file a motion to close the case and request that a final decree be issued. The Debtor shall promptly file all interim and final plan implementation reports and pay any fees owed to the Office of the United States Trustee.

4. Retention and Enforcement of Claims. Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce any and all claims of the

Debtor on behalf of, and as a representative of, the Debtor or its estate, including, without limitation, all claims arising or assertable at any time under the Bankruptcy Code, including under 11 U.S.C. §§ 510, 542, 543, 544, 545, 547, 548, 549, 550, 552 and 553 thereof.

5. Actions Taken to Increase Profitability. The Debtor has taken steps to increase operations and profitability at the Gym. The Debtor continues to update and change its billing and marketing efforts. The Debtor has only been operating at the increased capacity and with its desired renovations since November of 2015. During that time, the Debtor has seen monthly memberships grow consistently and daily cash flow increase as well. The Debtor has seen a forty-four (44%) percent increase in membership sales compared with the prior year. The Debtor's net member gain (people who decided to join the facility minus those who are cancelling their membership) for the period from January 2016 through October 2016 is 332 people as compared to last year when the Debtor only had an increase of 39 people for the same period. The Debtor's net member gain since July, 2016 (the month the Debtor filed for bankruptcy protection) through October, 2016, is an additional 121 members as opposed to last year when the Debtor had a net loss of 61 members for the same time period.

While the Debtor has seen revenue grow, the Debtor has also taken steps to reduce expenses. Since the Petition Date, the Debtor has reduced fixed payroll by seven (7) percent. In September of 2016, a major competitor of the Debtor, located within ten (10) miles of the Gym closed, and the Debtor has seen a rapid increase in members. The Debtor has sold two-hundred and seventy-two (272) memberships in September which is eighty-four (84%) higher than September of 2015.

While the Debtor continues to manage UAM, the Debtor has also grown its cheerleading program by approximately three hundred (300%) percent by strategically acquiring competitor's

customers. The Debtor believes this revenue stream will continue and remain a valuable asset of the Debtor's reorganization.

Furthermore, the Debtor has taken steps to add revenue through full utilization of the Property. The Debtor has negotiated with Sprint to install a temporary cell tower on wheels, resulting in $36,000.00 annually in net profit. Additionally, the Debtor has explored the placement of solar panels on the property to reduce energy costs by thirty (30) percent annually.

The Debtor believes that under this revised direction and management, profitability will continue to increase as operations grow even more streamlined. The day to day operational, business and financial affairs of the Reorganized Debtor shall be managed and controlled by the Reorganized Debtor and its Management who at all times shall act to implement the Plan with the sole goal of maximizing the Distributions to Claimants under the Plan.

The Debtor assumes the leases and executory contracts listed on the Schedule, attached hereto as **Exhibit "C"** upon Confirmation.

6. Plan Funding. The Plan will be funded through the Debtor's ongoing operations as set forth in the Plan Budget attached hereto as **Exhibit "B".** Since the Petition Date, the Debtor's operations have been steadily climbing. Membership sales alone have increased by Forty-four (44%) percent from the Petition Date through October, 2016 versus the same time period last year (July through October, 2015). Moreover, the Debtor's net member gain (the number of people who have joined the gym versus the number of people who have cancelled their memberships) is up 339 people this year (January, 2016 through October, 2016) versus 39 people for the same time period last year (January, 2015 through October, 2015). The Debtor's net member

gain since the Petition Date (July, 2016 through October, 2016) is up 121 members versus last year the gum lost 61 members.

The Debtor's primary revenue driver is membership dues. The membership dues account for sixty-five (65%) of the Debtor's total revenue. The Debtor's starting membership dues for January, 2017, will be approximately $23,000 higher than the starting point in 2016(a thirty-six and a half (36.5%) percent gain than last year)! If the Debtor just maintains status quo this year, the membership revenue alone will be increased by over $275,000. Accordingly, even using the most conservative figures, the Debtor's operations can fund a plan of reorganization.

7. Sale of the Debtor if a Continuing Default Occurs Under the Plan. If there is a Continuing Default under the Plan, Sean Southard, Esquire is appointed as Independent Seller ("Independent Seller") to pursue and consummate a sale of the Debtor with the sale to be approved by the Bankruptcy Court. Within thirty (30) days of appointment, the Independent Seller shall meet with a representative from Provident, the Debtor and Integrity Square, LLC (collectively, the "Parties") to make a recommendation to the Parties on the marketing/ sale of the Property. Within 120 days from the commencement of his duties, which time may be reduced, the Independent Seller shall market the Property for Sale. The Independent Seller shall consummate a sale of the Property within 180 days from the commencement of his duties.

The Independent Seller shall be compensated based upon his hourly rates, with a cap of $100,000. The Independent Seller may retain the services of a broker to assist in such sale. ***Mechanic's lien holders agree as part of confirmation to waive any objections that could have been made pursuant to 11 U.S.C. § 363.***

The Sale Procedures shall be overseen and conducted solely by Provident, the Independent Seller and the broker (if retained). The Debtor shall have the right to monitor the underlying sale process but shall not be permitted to interfere with the sale procedures. By virtue of the Confirmation Order, the sale procedures are deemed approved by the Bankruptcy Court. The Independent Seller shall be authorized to execute all agreements of sale entered into pursuant to the sale procedures, and shall have the authority to decide which purchase offers to accept.

At the current time, the Debtor and Provident are finalizing the loan documents and, therefore, the terms may be modified prior to the hearing on the Disclosure Statement.

V. PROVISIONS GOVERNING DISTRIBUTIONS, DISCHARGE AND GENERAL PROVISIONS

A. Distributions

Edward J. McNeill Jr. shall be the disbursing agent ("Disbursing Agent"). The Disbursing Agent shall have the sole and exclusive right to make the distributions required by the Plan. The Disbursing Agent may hold or invest the funds in one or more accounts, provided that all investments shall be made in accordance with section 345 of the Bankruptcy Code. The Disbursing Agent shall serve without bond and shall receive no compensation for his duties as the Disbursing Agent.

1. Delivery of Distributions

Distributions and deliveries to holders of Allowed Claims will be made at the addresses set forth on the proofs of claim filed by the holders (or at the last known address). If any holder's distribution is returned as undeliverable, no further distributions to the holder will be made unless and until the Reorganized Debtor is notified of the holder's then current address, at which time all missed distribution will be made to the holder without interest. After one year from the payment

date all unclaimed property will become property of the Reorganized Debtor, and the Claim of any holder with respect to such property will be discharged and forever barred.

2. Means of Cash Payment

Payments made pursuant to the Plan will be in United States funds, by check drawn on a domestic bank or by wire transfer from a domestic bank. All distributions will be made by Debtor.

3. Time Bar to Cash Payments

Checks issued by the Debtor in payment of Allowed Claims will be null and void if not cashed within ninety (90) days of the date of its issuance. Requests for re-issuance of any check shall be made to the Disbursing Agent by the holder of the Allowed Claim to which the check originally was issued. Any Claim relating to a voided check must be made on or before the later of (i) the first anniversary of issuance, or (ii) ninety (90) days after the date the check was voided. After that date, all Claims relating to a voided check will be discharged and forever barred and shall be revested in the Reorganized Debtor.

4. Setoffs

The Debtor may, but will not be required to, set off against any Claim and the payments to be made pursuant to the Plan in respect of the Claim, any Claims of any nature whatsoever the Debtor may have against the Claimant, but neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver of release by the Debtor of any such claim the Debtor may have against such Claimant.

5. De Minimis Distributions

No payment of less than twenty-five dollars ($25.00) will be made by the Disbursing Agent to any creditor unless a request is made in writing to the Reorganized Debtor to make such a payment by the Effective Date of the Plan.

6. Saturday, Sunday or Legal Holiday

If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

7. After the Effective Date, the Reorganized Debtor shall be entitled to operate without any restrictions of the Bankruptcy Code and without any supervision of the Bankruptcy Court.

8. No default shall be declared under this Plan, unless any payment due under this Plan shall not have been made within sixty (60) days and notice of such default has been sent to the Debtor and counsel for the Debtor of their failure to make payment when due under the Plan.

VI. CRAMDOWN PROVISIONS AND CONFIRMATION REQUEST

In the event that sufficient votes to confirm said Plan are not received, the Debtor requests confirmation of the Plan pursuant to the provisions to the provisions of section 1129(b) of the Bankruptcy Code.

VII. MODIFICATION OF THE PLAN

A. Pre-Confirmation Modification

At any time before the Confirmation Date, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. In the event that there is a modification of the Plan, then the Plan as modified shall become the Plan.

B. Pre-consummation Modification

At any time after the Confirmation Date of the Plan, but before substantial consummation of the Plan, the Plan may be modified by the Proponent, provided that the Plan, as modified, does not fail to meet the requirements of sections 1122 and 1123 of the Bankruptcy Code. The Plan, as modified under this section, becomes a Plan only if the Court, after notice and hearing, confirms such Plan, as modified, under section 1129 of the Bankruptcy Code.

C. Non-Material Modifications

At any time, the Proponent may, without the approval of the Court, so long as it does not materially or adversely affect the interest of Creditors, remedy any defect or omission, or reconcile any such inconsistencies in the Plan or in the Confirmation Order, as such matters may be necessary to carry out the purposes, intent and effect of this Plan.

VIII. RETENTION OF JURISDICTION

The Court shall retain jurisdiction of the case after the Confirmation Date for the following purposes:

(a) to determine any and all objections in the allowance of claims and amendments to schedules;

(b) to classify the Claim of any Creditor and to re-examine Claims which have been allowed for purposes of voting, to determine such objections as may be filed to Claims;

(c) to determine any and all disputes arising under or in connection with the Plan, the sale of any of the Debtor's assets, collection or recovery of any assets;

(d) to determine any and all applications for allowance of compensation and reimbursement of expenses herein;

(e) to determine any and all pending applications for rejections of executory contracts and unexpired leases and the allowance of any claims resulting from the rejection thereof or from the rejection of executory contracts or unexpired leases pursuant to the Plan;

(f) to determine any and all applications, adversary proceedings and contested and litigated matters pending in the case as of, or after, the Confirmation Date;

(g) to determine any and all proceedings for recovery of payments pursuant to any Cause of Action;

(h) to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;

(i) to correct any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purposes intent and effect of the Plan;

(j) to determine such other matters which may be provided for in the Confirmation Order as may be authorized under the provisions of the Bankruptcy Code;

(k) to enforce all provisions under the Plan; and

(l) to enter any order, including injunctions, necessary to enforce the terms of the Plan, the powers of the Debtor under the Bankruptcy Code, this Plan and as the Court may deem necessary.

IX. CAUSES OF ACTION

A. Suits, Etc.

The Debtor reserves the right to initiate or continue any litigation or adversary proceeding permitted under the Bankruptcy Code and applicable Federal Rules of Bankruptcy Procedure with respect to any Cause of Action, except if provided to the contrary herein.

B. Powers

The Debtor shall have the right to settle, compromise, sell, assign, terminate, release, discontinue or abandon any cause of action from time to time in its discretion.

X. OBJECTIONS TO CLAIMS

A. Objection to Claims

Notwithstanding the occurrence of the Confirmation Date or the Effective Date, the Debtor may object to the allowance of any claim not previously allowed by final order whether or not a Proof of Claim has been filed and whether or not the Claim has been filed and whether or not the Claim has been scheduled as non-disputed, non-contingent and liquidated. All such objections shall be filed within sixty (60) days of the Effective Date.

B. Contested Claims

Notwithstanding any other provision of this Plan, a Contested Claim will be paid only after allowance by the Court or upon stipulation of the Debtor and the Claimant involved, as approved by the Court. If allowed, the Contested Claim will become an Allowed Claim and shall be

paid on the same terms as if there had been no dispute. The need for resolution of Contested Claims will not delay other payments under the Plan. No distribution shall be made to a Contested Claim until it is Allowed.

XI. CHOICE OF LAW

Except to the extent superseded by the Bankruptcy Code or other federal law, the rights, duties and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey, without regard to the choice of law rules thereof.

XII. EXCULPATION

Following the Effective Date, neither the Debtor nor any of its officers, directors, members, employees or agents, nor any professional persons employed by any of the foregoing parties, shall have or incur any liability or obligation to any entity for any action taken at any time or omitted to be taken at any time in connection with or related to the formation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement or any agreement or document created or entered into, or any action taken or omitted to be taken in connection with the Plan or this Chapter 11 case; provided, however, that the provisions of this article shall have no effect on the liability of any entity that would otherwise result from action or omission to the extent that such action or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

XIII. MISCELLANEOUS

A. Payment of Statutory Fees

All fees payable pursuant to section 1930 of Title 28 of the United States Code, as determined by the Court at the hearing pursuant to section 1128 of the Bankruptcy Code, will be paid on or before the Effective Date. Moreover, all post-confirmation quarterly fees shall be paid by the Reorganized Debtor as and when they become due until the Bankruptcy Case is closed.

B. Discharge of Debtor

The rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete satisfaction, discharge, and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor, any of its assets or properties and the Debtor's Estate. Except as otherwise provided in this Plan (i) on the Effective Date, all Claims against and Interests in the Debtor will be satisfied, discharged and released in full and (ii) all Persons shall be precluded from asserting against Debtor, its successors, or its assets or properties any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred before the Confirmation Date. Nothing in this Plan shall discharge claims held by Provident against persons or entities other than the Debtor.

Notwithstanding the foregoing, the discharge granted by 11 U.S.C. §1141(d) is modified as to the secured or priority tax debt provided for in the Plan, and the discharge of any secured or priority tax debt under the Plan shall not be effective until all secured or priority taxes provided for in the Plan have been paid in full.

C. Discharge of Claims

Except as otherwise provided in the Plan or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made under the Plan shall be in complete exchange for, and in full satisfaction, discharge and release of, all existing debts and Claims of any kind, nature or description whatsoever against the Debtor, the Estate or any of its assets or properties; and upon the Effective Date, all existing Claims against the Debtor, the Estate and all of its assets and properties will be, and be deemed to be, exchanged, satisfied, discharged and released in full; and all holders of Claims will be precluded from asserting against Reorganized Debtor, its successors or its Assets or properties any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature that occurred before the Confirmation Date, whether or not the holder filed a proof of claim.

D. Effect of Confirmation Order

Except as provided for in the Plan, the Confirmation Order will be a judicial determination of discharge of the Debtor from all debts that arose before the Confirmation Order and any liability on a Claim that is determined under section 502 of the Bankruptcy Code as if such Claim had arisen before the Confirmation Date, whether or not a proof of claim based on any such date or liability is filed under section 501 of the Bankruptcy Code and whether or not a Claim based on such debt or liability is allowed under section 502 of the Bankruptcy Code.

E. Severability

Should any provision in the Plan be determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any provision of the Plan.

F. Successors and Assigns

The rights and obligations of any person named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of that Person.

G. Binding Effect

The Plan will be binding upon and inure to the benefit of the Debtor, its Creditors, the holders of Equity Interests, and its respective successors and assigns.

H. Governing Provisions

Where a provision of this Plan contains a summary or description of one or more provision of any of the documents attached to the Plan as an Exhibit that conflicts or appears to conflict with any such provision of an Exhibit, the provision of the Exhibit will govern.

I. Filing of Additional Documents

On or before substantial consummation of this Plan, the Debtor will file with the Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

J. Withholding and Reporting Requirements

In connection with the Plan and all instruments issued and distributions made pursuant to the Plan, the Debtor will comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions made pursuant to the Plan will be subject to any such withholding and reporting requirements.

Dated: March 13, 2017

MCNEILL PROPERTIES V, LLC

By: Edward J. McNeill, Jr.
Title: Managing Member

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