

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

In re:	:	CHAPTER 11
	:	
BELLMAWR LAUNDRY LLC d/b/a LIBERTY LAUNDRY	:	Bky. No. 17-13189(ELF)
	:	
Debtor	:	
	:	

**DISCLOSURE STATEMENT IN RESPECT OF PLAN OF REORGANIZATION
PROPOSED BY BELLMAWR LAUNDRY LLC d/b/a LIBERTY LAUNDRY
DEBTOR-IN-POSSESSION**

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Dated: October 31, 2017

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INTRODUCTION

BELLMAWR LAUNDRY LLC d/b/a LIBERTY LAUNDRY, the Debtor and Debtor-in-Possession submits this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to Holders of Claims in connection with the solicitation of acceptances of the *Plan of Reorganization of the Debtor Pursuant to Chapter 11 of the Bankruptcy Code*, dated October __, 2017, (as amended, supplemented and modified from time to time, the "Plan") and to others for informational purposes. A copy of the Plan accompanies this Disclosure Statement. All capitalized terms not otherwise defined herein have the meanings ascribed to them in the Plan.

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Court follows in determining whether or not to confirm the Plan. This Disclosure Statement also describes certain alternatives to the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims and Interests must follow for their votes to be counted.

As of May 3, 2017, the Debtor had outstanding secured debt in the amount of approximately \$1,533,862 due M&T Bank, \$1,126,312 due SBA and unpaid real estate taxes and other municipal claims to the Borough of Bellmawr totaling \$174,255. The Debtor also had, as of May 3, 2017, outstanding the Central Pre-Petition Advance in the amount of \$478,781 and unsecured trade payables in the amount of approximately \$21,368.

The Plan embodies the sale of the Debtor's Property for a sale price of \$3,400,000.00 pursuant to the Purchase and Sale Agreement which will be executed on or before November 10, 2017 by the Debtor and Purchaser and shall be structured in a manner consisted with the Purchase and Sale Letter of Intent. A copy of the Purchase and Sale Letter of Intent is attached to this Disclosure Statement as **Exhibit "A"**. A copy of the Purchase and Sale Agreement is contained in the Plan Supplement. Specifically, the closing on the sale of its Property under the Purchase and Sale Agreement will provide adequate funds to allow the Debtor to pay in full its secured claims due M&T Bank, SBA and the Borough of Bellmawr as well as its Administrative Claims including Fee Claims, its Allowed Priority Claims (estimated at zero) and the Net Proceeds from the Sale of the Property (as defined below) shall be paid to holders of allowed unsecured claims on a Pro-Rata basis as follows:

- Each General Unsecured Claim shall receive a Pro-Rata share of the Net Proceeds from the Sale of the Property (but not to exceed the total amount of any Allowed General Unsecured Class 5 Claim) within thirty (30) days after the later of (A) the Effective Date, (B) the date on which such General Unsecured Claim against the Debtor becomes an Allowed General Unsecured Claim, or (C) such other date as may be ordered by the Bankruptcy Court. "**Net Proceeds from the Sale of the Property**" shall mean the sale price paid by the Purchaser to the Debtor under the Purchase and Sale Agreement less payment in full of all of the following: (i) all normal and customary closing costs and liens that encumber title to the Property as reflected on the closing statement, (ii) all Allowed Claims in Classes 1, 2, 3, and 4 of this Plan, (iii) payment of all Allowed Priority Tax Claims, and (iv)

payment of all Allowed Administrative Claims including Allowed Fee Claims. No interest will be paid on Allowed Class 5 Claims. No General Unsecured Claim shall be Allowed to the extent that is for post-petition interest, fees, or other similar post-petition charges.

The Debtor believes that the total amount of Allowed Unsecured Claims should not exceed \$500,149. A projected sources and uses of funds as of the Effective Date is attached as **Exhibit "B"** to this Disclosure Statement.

THE DEBTOR BELIEVES THAT THE COMPROMISE CONTEMPLATED UNDER THE PLAN IS FAIR AND EQUITABLE, WILL MAXIMIZE THE VALUE OF THE DEBTOR'S ESTATE, AND PROVIDES THE BEST RECOVERY TO CLAIM HOLDERS. AT THIS TIME, THE DEBTOR BELIEVES THIS IS THE BEST AVAILABLE ALTERNATIVE FOR COMPLETING THIS CHAPTER 11 CASE. THE DEBTOR RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

I. IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

This Disclosure Statement provides information regarding the Plan. The Debtor believes that the Plan is in the best interests of all creditors and urge all Holders of Claims entitled to vote to vote in favor of the Plan.

The confirmation of the Plan and effectiveness of the Plan are subject to certain material conditions precedent described herein and in the Plan. There is no assurance that the Plan will be confirmed, or if confirmed, that the conditions required to be satisfied will be satisfied (or waived).

You are encouraged to read this Disclosure Statement in its entirety, including without limitation, the Plan, and the section entitled "Risk Factors," before submitting your ballot to vote on the Plan.

The summary of the Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan, this Disclosure Statement, and the Plan Supplement, as applicable, and the summaries of the financial information and the documents annexed to this Disclosure Statement or otherwise incorporated herein by reference, are qualified in their entirety by reference to those documents. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements contained herein will be correct at any time after such date. Except as otherwise provided in the Plan or in accordance with applicable law, the Debtor is under no duty to update or supplement this Disclosure Statement.

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances to, and confirmation of, the Plan and may not be relied on for any other purpose. The Debtor believes that the summary of certain provisions of the Plan and certain other documents and financial information contained or referenced in this Disclosure Statement is fair and accurate. The summaries of the financial information and the documents annexed to this

Disclosure Statement, including, but not limited to, the Plan, or otherwise incorporated herein by reference, are qualified in their entirety by reference to those documents.

The Debtor has sought to ensure the accuracy of the financial information provided in this Disclosure Statement, but the financial information contained in, or incorporated by reference into, this Disclosure Statement has not been, and will not be, audited or reviewed by any independent auditor.

The Debtor makes statements in this Disclosure Statement that are considered projections and estimates. Statements concerning these and other matters are not guarantees of the Debtor's future performance. Such projections represent the Debtor's estimates and assumptions only as of the date such statements were made and involve known and unknown risks, uncertainties, and other unknown factors that could impact the Debtor's restructuring plan or cause the actual results of the Debtor to be materially different from the historical results or from any future results expressed or implied by such projections. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms "believes," "belief," "expects," "intends," "anticipates," "plans," or similar terms to be uncertain and estimates. There can be no assurance that the restructuring transaction described herein will be consummated. Creditors and other interested parties should see the section entitled "Risk Factors" of this Disclosure Statement for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtor.

II. INFORMATION ABOUT THE REORGANIZATION PROCESS

A. **Brief Explanation of Chapter 11.** Chapter 11 is the principal business reorganization section of the Bankruptcy Code. Pursuant to Chapter 11, normally a debtor is permitted to reorganize its business affairs for its own benefit and that of its creditors and other interest holders. Unless a trustee is appointed, the debtor is authorized to continue to operate its business while all attempts to collect pre-petition claims from the debtor, or to foreclose upon property of the debtor, are stayed during the pendency of the case, unless otherwise ordered by the Bankruptcy Court.

The objective of a Chapter 11 case is the formulation of a plan of reorganization or liquidation of the debtor and its affairs. The Plan is a vehicle for resolving claims against the debtor, as well as providing for its future direction and operations. Impaired 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 confirmation of the Plan are extinguished, unless specifically preserved in the Plan. However, if the proposed Plan provides for the liquidation of the debtor's assets then, no discharge is granted to the debtor from any debt and liability that arose prior to the Petition Date.

B. **Purpose of Disclosure Statement.** The purpose of a Disclosure Statement is to provide the creditors and equity holders with sufficient information about the Debtor and the proposed Plan of Reorganization so as to permit them to make an informed judgment when voting on the Plan. This Disclosure Statement therefore includes background information about

the Debtor and also identifies the classes into which creditors have been placed by the Plan. The Disclosure Statement describes the proposed treatment of each of those classes if the Plan is confirmed. In addition, the Disclosure Statement contains information concerning the future prospects for the Debtor in the event of confirmation or, in the alternative, the prospects if confirmation is denied or the proposed Plan does not become effective.

This Disclosure Statement and the Exhibits described herein have been approved by Order of the Bankruptcy Court dated December 6, 2017, as containing, in accordance with the provisions of the Bankruptcy Code, adequate information of a kind and in sufficient detail that would enable a reasonable, hypothetical investor, typical of a holder of impaired claims or interests that is entitled to vote on the Plan, to make an informed judgment with respect to the acceptance or rejection of the Plan. The Bankruptcy Court's approval of this Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

YOU ARE URGED TO STUDY THE PLAN IN FULL AND TO CONSULT WITH YOUR COUNSEL AND OTHER ADVISORS ABOUT THE PLAN AND ITS IMPACT, INCLUDING POSSIBLE TAX CONSEQUENCES, UPON YOUR LEGAL RIGHTS. PLEASE READ THIS DISCLOSURE STATEMENT CAREFULLY BEFORE VOTING ON THE PLAN.

C. **Notice to Holders of Claims and Interests.** This Disclosure Statement is being transmitted to certain holders of Claims for the purpose of soliciting votes on the Plan and to others for information purposes. The purpose of this Disclosure Statement is to provide adequate information to enable the Holder of a Claim against the Debtor to make a reasonably informed decision with respect to the Plan prior to exercising the right to vote to accept or reject the Plan.

D. **Solicitation Package.** Accompanying this Disclosure Statement are, among other things, copies of the (a) the Plan, (b) the order approving the Disclosure Statement, which inter alia, provides notice of the time for submitting Ballots to accept or reject the Plan, the date, time and place of the hearing to consider the confirmation of the Plan and related matters, and the time for filing objections to the confirmation of the Plan, and (c) one or more ballots (and a return envelope), to be used by you, if you are entitled to vote, in voting to accept or reject the Plan.

E. **Eligibility to 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. In addition, 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 the Plan under section 1126(g) of the Bankruptcy Code and therefore such holders do not need to vote on the Plan.

F. **Unimpaired Classes Deemed to Accept the Plan.** The Claims in the Classes listed in the below stated tables are unimpaired and conclusively presumed to have accepted the Plan.

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 4	Class 4 consists of Priority Non-Tax Claims	Not impaired; not entitled to vote.
Class 6	Class 6 consists of Interests	Not impaired; not entitled to vote

Pursuant to §1126(f) of the Bankruptcy Code, each of the above-referenced Classes of Claims are conclusively presumed to have accepted the Plan, and the votes of holders of Claims in such Classes therefore will not be solicited.

G. **Impaired Classes of Claims Entitled to Vote.** Under the Plan, holders of Claims in the Classes listed in the below stated table are Impaired and are entitled to vote to accept or reject the Plan.

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 1	Class 1 consists of the Secured Claim of the Borough of Bellmawr	Impaired; entitled to vote
Class 2	Class 2 consists of the Secured Claim of M&T Bank	Impaired; entitled to vote
Class 3	Class 3 consists of the Secured Claim of SBA	Impaired; entitled to vote
Class 5	Class 5 consists of the General Unsecured Claims	Impaired; entitled to vote

Each of the above referenced Classes of Claims shall be considered a separate Class for purposes of voting to accept or reject the Plan.

H. **Claims Subject to a Pending Objection are not Entitled to Vote.** Creditors whose claims are subject to a pending objection are not eligible to vote unless such objections are resolved in their favor or, after notice and a hearing pursuant to Bankruptcy Rule 3018(a), the Bankruptcy Court allows the Claim temporarily or estimates the amount of the Claim for the purpose of voting to accept or reject the Plan. Any creditor that wants its claim to be allowed temporarily or estimated for the purpose of voting must take the steps necessary to arrange for a hearing with the Bankruptcy Court under Bankruptcy Rule 3018(a) prior to the deadline established for voting for the Plan.

THE BANKRUPTCY COURT HAS FIXED NO LATER THAN 4:00 P.M. (PREVAILING EASTERN TIME) ON JANUARY 8, 2018 AS THE LAST DATE BY WHICH ALL BALLOTS MUST BE RECEIVED. All parties eligible to vote on the Plan are urged to complete and return their Ballots promptly to avoid delay in confirmation of the Plan.

I. **General Voting Procedures and Voting Deadline.** After carefully reviewing the Plan, this Disclosure Statement, and (if you are entitled to vote) the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot. Please complete and sign your original Ballot and return in the envelope provided. You must provide all of the information requested by the appropriate Ballot. Failure to do so may result in the disqualification of your vote on such Ballot.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND ACTUALLY RECEIVED NO LATER THAN JANUARY 8, 2018 AT 4:00 P.M. (PREVAILING EASTERN TIME) BY

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BALLOTS RECEIVED AFTER SUCH TIME WILL NOT BE COUNTED UNLESS THE COURT SO ORDERS. THE DEBTORS RECOMMEND A VOTE "FOR ACCEPTANCE" OF THE PLAN.

J. **The Confirmation Hearing.** The Bankruptcy Court has scheduled a hearing on the confirmation of the Plan to commence on **January 17, 2018 at 11:00 a.m.**, or as soon thereafter as the parties can be heard. **The Confirmation Hearing will be held in the United States Bankruptcy Court, Robert N.C. Nix, Sr. Federal Courthouse, 900 Market Street, Second Floor, Courtroom No. 1, Philadelphia, PA 19107.** At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interest of holders of claims and interests. The Bankruptcy Court will also receive and consider a report of plan voting prepared by the Debtor concerning the votes for acceptance or rejection of the Plan cast by the parties entitled to vote. The hearing may be adjourned from time to time by the Court without further notice except for the announcement of the adjournment date made at the hearing or at any subsequently adjourned hearing. The Court has directed that objections, if any, to confirmation of the Plan be filed with the Clerk of the Court and served so that they are actually received on or before **January 15, 2018 at 4:00 p.m.** (prevailing Eastern time) by the Debtor's counsel and the Office of the United States Trustee.

K. **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 ½ 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 was liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

L. **Confirmation of The Plan Without The Necessary Acceptances.** If any Impaired Class fails to accept the Plan, the Plan Proponent intends to request that the Bankruptcy Court confirm the Plan as a “Cramdown” pursuant to § 1129(b) of the Bankruptcy Code with respect to such Class. Section 1129(b) of the Bankruptcy Code provides that the Plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm the Plan at the request of the Debtor if the Plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired class that has not accepted the Plan. The Plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to the other classes of equal rank.

A Plan is fair and equitable as to a class of secured claims that rejects a Plan if the Plan provides (a) (i) that holders of claims included in the rejecting class retain the liens securing those claims whether the property subject to those liens is retained by the Debtor or transferred to another entity, to the extent of the allowed amount of such claims; and (ii) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim, of a value, as of the effective date of the plan, of at least the value of the holders’ interest in the estate’s interest in such property; (b) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (a) or (b) of this subparagraph; or (c) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain an account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is

entitled, and fixed redemption price to which such holder is entitled, or the value of such interest, or (b) that the holder of any interest that is junior to the interest of such class will not receive or retain under the plan on account of such junior interest any property at all.

III. THE DEBTOR'S CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. **Summary of the Debtor's Corporate History.** The Debtor is a limited liability company formed in the state of New Jersey on September 12, 2014. The Debtor was formed to be a real estate holding company and to acquire the property at 281 Benigno Boulevard, Bellmawr, New Jersey comprised of a 74,000 square foot industrial building on 3.3 acres of land.

B. The Debtor has no employees.

C. **Summary of the Debtor's Prepetition Capital Structure.**

(i) **M&T Bank.** As of the Petition Date, the Debtor's secured debt under the M&T Note and M&T Bank Mortgage are as follows:

a. **M&T Bank Note.** On October 8, 2014, the Debtor entered into a loan agreement with M&T Bank providing for a loan in the amount of \$1,418,000 and delivered the M&T Bank Note.

b. **Security.** The M&T Bank Note is secured by a mortgage dated October 8, 2014 from the Debtor to M&T and recorded against the Property.

c. The unpaid aggregate liability of the Debtor under the M&T Bank Note as of the Petition Date is approximately \$1,535,000.

(ii) **SBA.** As of the Petition Date, the Debtor's secured debt under the SBA Note and SBA Mortgage are as follows:

a. **SBA Note.** On March 11, 2015, the Debtor entered into a loan agreement with SBA providing for a loan in the amount of \$1,168,000 and delivered the SBA Note.

b. **Security.** The SBA Note is secured by a mortgage dated March 11, 2015 from the Debtor to SBA and recorded against the Property. The SBA mortgage is subordinate to the M&T Mortgage.

c. The unpaid aggregate liability of the Debtor under the SBA Note as of September 20, 2017 is approximately \$1,126,312.

(iii) **Borough of Bellmawr.** As of the Petition Date, the Debtor's secured debt to the Borough of Bellmawr was comprised of unpaid real estate taxes, water and sewer charges, and accrued interest. The unpaid aggregate liability of the Debtor to the Borough of Bellmawr as

of the Petition Date is approximately \$174,255.

(iv) Unsecured Claims. As of the Petition Date, the Debtor had approximately \$500,149 of unsecured claims which includes the Central Pre-Petition Advance in the amount of \$478,781 and three other unsecured claims totaling \$21,368.

IV. EVENTS LEADING TO CHAPTER 11

The Debtor was formed to act as a real estate company that would purchase and own the Property. At the time the Debtor was negotiating the purchase of the Property, its principals were also negotiating an equipment loan in the amount of \$3,000,000 to be used for the purposes of adding new commercial laundry equipment and necessary improvements to the Property in order to operate a commercial laundry production facility at the Property.

The original acquisition and equipment/improvements loan facility was to be provided by PNC Bank, N.A. Just prior to the scheduled closing on the acquisition of the Property, PNC advised that it was no longer desirous of issuing the equipment/improvements loan and suggested that the Debtor should find another lender to provide financing for the purchase of the equipment and to fund the infrastructure improvements. Faced with the prospect of losing what was believed to be a remarkable Property for a laundry operation, the Debtor proceeded with the acquisition of the Property without having the separate financing to fund the critical improvements and purchase of the equipment required to operate a laundry facility.

Thereafter, the Debtor was unable to obtain the necessary financing to purchase all the equipment needed and to fund the infrastructure improvements required so that it could operate a laundry facility at the Property. Once the Debtor was unable to make its monthly debt service payments as they came due, M&T commenced a foreclosure action on its mortgage against the Property.

As a result, the Debtor decided to file for Chapter 11 protection to preserve its going concern value and to reorganize its affairs.

V. SUMMARY OF THE PLAN¹

A. General Basis for the Plan. Under the Plan, the Debtor will sell the Property pursuant to the Purchase and Sale Agreement for the amount of \$3,400,000.00. The sale proceeds will be used to fund all of the payments under the Plan. The secured claims of the Borough of Bellmawr, M&T Bank and the SBA will be paid in full. Likewise, the Allowed

¹ This Section VI is intended only to provide a summary of the key terms, structure, classification, treatment, and implementation of the Plan, and is qualified in its entirety by reference to the entire plan and exhibits thereto. Although the statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in documents referred to therein, this Disclosure Statement does not purport to be a precise or complete statement of all such terms and provisions, and should not be relied on for a comprehensive discussion of the Plan. Instead, reference is made to the Plan and all such documents for the full and complete statements of such terms and provisions. The Plan itself (including attachments) will control the treatment of creditors and equity holders under the Plan. To the extent there are any inconsistencies between this Section VI and the Plan (including attachments) the latter shall govern.

Administrative Claims including Fee Claims will be paid in full. The Priority Claims and Priority Tax Claims are estimated at zero. The Debtor's Plan provides that each Holder of an Allowed General Unsecured Claim (classified in Class 5) shall receive a Pro-Rata share of the Net Proceeds from the Sale of the Property (but not to exceed the total amount of any Allowed General Unsecured Class 5 Claim) within thirty (30) days after the later of (A) the Effective Date, (B) the date on which such General Unsecured Claim against the Debtor becomes an Allowed General Unsecured Claim, or (C) such other date as may be ordered by the Bankruptcy Court. "Net Proceeds from the Sale of the Property" shall mean the sale price paid by the Purchaser to the Debtor under the Purchase and Sale Agreement less payment in full of all of the following: (i) all normal and customary closing costs and liens that encumber title to the Property as reflected on the closing statement, (ii) all Allowed Claims in Classes 1, 2, 3, and 4 of this Plan, (iii) payment of all Allowed Priority Tax Claims, and (iv) payment of all Allowed Administrative Claims including Allowed Fee Claims. No interest will be paid on Allowed Class 5 Claims. No General Unsecured Claim shall be Allowed to the extent that is for post-petition interest, fees, or other similar post-petition charge. **The Debtor believes that the total amount of Allowed Unsecured Claims should not exceed \$500,149.**

The Debtor's Plan proposes that all Holders of Interests shall not receive any distribution until the Plan payments are made.

B. **Treatment of Unclassified Claims.** In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims, have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article II of the Plan.

i. **Administrative Claims.**

a. **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, a motion or request for the payment of such Administrative Claim within thirty (30) days after the Effective Date. Such motion or request 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. Furthermore, all persons and entities asserting Administrative Claims, which do not fall within Section 3.1 of the Plan, shall File a motion or request for the payment of such administrative claim within thirty (30) days of the Effective Date, or be forever barred from asserting any such Administrative Claim. Failure to File a motion or request for payment timely and properly shall result in the Administrative Claim being forever barred and discharged.

b. **Time for Filing Fee Claims.** 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 final fee application within thirty (30) days after the Effective Date. Failure to File a final fee application timely shall result in the Fee Claim being forever barred and discharged.

c. **Allowance of Administrative Claims.** An Administrative Claim with respect to which notice is required and which has been properly Filed pursuant to Section

3.1.1 of the Plan shall become an Allowed Administrative Claim if no objection is Filed within thirty (30) days of the filing and service of notice of such Administrative Claim. If an objection is Filed within such thirty (30) day period, the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order. An Administrative Claim that is a Fee Claim, and with respect to its fee application has been timely Filed pursuant to Section 3.1.2 of the Plan, shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

d. Payment of Allowed Administrative Claim. 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, 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.

e. Professional Fees Incurred After the Effective Date. Professional fees incurred by the Debtor after the Effective Date must be approved by the Debtor and, thereafter, can be paid without further Order of the Court. 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. In the event of such dispute, the Debtor shall pay that portion of the fees, if any, which is not in dispute, punctually.

f. General Provisions. No post-petition interest or other similar post-petition charges will be paid on account of Administrative Claims.

ii. Treatment of Priority Tax Claims. Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed Priority Tax Claim, each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, on the Distribution Date, at the option of the Debtor, one of the following treatments: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim, plus interest at the rate determined under applicable nonbankruptcy law and to the extent provided for by section 511 of the Bankruptcy Code; (2) Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period of time not to exceed five years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, plus interest at the rate determined under applicable nonbankruptcy law and to the extent provided for by section 511 of the Bankruptcy Code; or (3) such other treatment as may be agreed upon by such holder and the Debtor or otherwise determined upon an order of the Bankruptcy Court.

iii. Statutory Fees. Notwithstanding anything to the contrary contained herein, as soon as practicable after the Effective Date, the Debtor shall pay any fees due and owing to the U.S. Trustee as of the Effective Date. On and after the Effective Date, Reorganized Debtor shall pay the applicable U.S. Trustee fees as they come due until the entry of a final decree in this Chapter 11 Case or until this Chapter 11 Case is converted or dismissed.

C. Classification and Treatment of Claims and Interests.

i. Classification of Claims and Interests. Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims and Interests. All Claims and Interests, except for Administrative Claims. Priority Tax Claims, are classified in the Classes set forth in Article II of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest qualifies within the description of such other Classes. A Claim also is classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not been paid, released, or otherwise satisfied before the Effective Date.

ii. Treatment of Claims and Interests. To the extent a Class contains Allowed Claims or Allowed Interests, the treatment provided to each Class for distribution purposes is specified below:

SUMMARY OF PLAN TREATMENT AND EXPECTED RECOVERIES				
Class	Claim/Equity Interest	Treatment of Claim/Interest	Amount as of Petition Date	Projected Recovery Under the Plan
1	Secured Claim of Borough of Bellmawr	The Allowed Secured Claim of the Borough of Bellmawr will be paid including interest at the statutory rate on the Effective Date in immediately available funds.	\$174,254	100%
2	Secured Claim of M&T Bank	The Allowed Secured Claim of M&T Bank will be paid on the Effective Date in immediately available funds.	\$1,533,862	100%
3	Secured Claim of SBA	The Allowed Secured Claim of SBA will be paid on the Effective Date in immediately available funds.	\$1,126,312	100%
4	Priority Non-Tax Claims	Each Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash on or as reasonably practicable after (i) the Effective Date, (ii) the date on which such Priority Non-Tax Claim against the Debtor becomes an Allowed Priority Non-Tax Claim, or (iii) such other date as may be ordered by the Bankruptcy	00	100%

		Court.		
5	General Unsecured Claims	Each Holder of such Allowed General Unsecured Claim shall receive a Pro-Rata share of the Net Proceeds from the Sale of the Property (but not to exceed the total amount of any Allowed General Unsecured Class 5 Claim) within thirty (30) days after the later of (A) the Effective Date, (B) the date on which such General Unsecured Claim against the Debtor becomes an Allowed General Unsecured Claim, or (C) such other date as may be ordered by the Bankruptcy Court. "Net Proceeds from the Sale of the Property" shall mean the sale price paid by the Purchaser to the Debtor under the Purchase and Sale Agreement less payment in full of all of the following: (i) all normal and customary closing costs and liens that encumber title to the Property as reflected on the closing statement, (ii) all Allowed Claims in Classes 1, 2, 3, and 4 of this Plan, (iii) payment of all Allowed Priority Tax Claims, and (iv) payment of all Allowed Administrative Claims including Allowed Fee Claims. No interest will be paid on Allowed Class 5 Claims. No General Unsecured Claim shall be Allowed to the extent that is for post-petition interest, fees, or other similar post-petition charges.	\$500,149	___%
6	Interests	As of the Petition Date, George Rengepes and James Rengepes each own a fifty (50%) percent of all the Interests in the Debtor which shall remain unchanged as of the Effective Date. No distribution or dividend on account of any Interest shall be made until all of the designated classes of Allowed Claims, Priority Tax Claims, Administrative Claims including Fee Claims have been paid in full.		0%

D. Means for Implementation of the Plan.

- i. Sources of Cash for Plan Distributions. All consideration necessary for

the Reorganized Debtor to make payments or distributions pursuant hereto shall be obtained from the closing on the sale of the Property pursuant to the Purchase and Sale Agreement.

ii. Sale of Real Property and Other Assets. The Purchase and Sale Agreement will be executed on or before November 10, 2017 by the Debtor and Purchaser which shall be structured in a manner consisted with the Purchase and Sale Letter of Intent. The sale of the assets set forth in the Purchase and Sale Agreement and the closing thereunder is the mechanism by which the Debtor will be able to reorganize its affairs and confirm this Plan under the provisions of the Bankruptcy Code. The purchase price for the Property under the Purchase and Sale Agreement is \$3,400,000. The Debtor's delivery of the deed for the Property to the Purchaser is a transfer required under the terms and conditions of the Purchase and Sale Agreement and is hereby authorized under this Plan, and the Confirmation Order shall so provide without the need for any further corporate action and without the need of any further approval by the Bankruptcy Court.

iii. Sale of Property under the Purchase and Sale Agreement are Free and Clear of Liens, Claims and Interests. Except as to the Purchaser's liability to pay the Purchase Price (as defined in the Purchase and Sale Agreement), the sale and transfer of the Property to the Purchaser upon the closing will be a legal, valid, and effective transfer of the Property and vest the Purchaser with absolute right and title in and to the Property free and clear of all mortgages, security interests, conditional sale or other title retention agreements, claims of governmental entities (including but not limited to claims for taxes, real estate taxes, interest and/or penalties), claims arising under bulk sales or similar laws, claims of the Debtor's employees or employee benefit plans (including but not limited to claims for wages, salaries, commissions, vacation, severance, health or life insurance, or other employee benefits), charges, mechanics liens, pledges, liens, claims, judgments, demands, easements, charges, encumbrances, defects, options, restrictions of all kinds, any claims under any contract or statute, or in tort, that the Purchaser is the successor in interest to the business of the Debtor as it relates to the Property, any post-petition administrative claim in the Debtor's bankruptcy case, and any other interest (including, without limitation, liens, claims, encumbrances, causes of action and interests (i) that purport to give to any party a right or option to effect any forfeiture, modification, or termination of the Debtor's or Purchaser's interest in the Property, (ii) in respect of taxes, or (iii) which arise as a result of any employee benefit plan), whether matured, unmatured, contingent, liquidated or unliquidated (collectively, the "Liens and Interests") with all such Liens and Interests released, terminated and discharged as to the Property. Upon the closing, holders of such Liens and Interests shall be permanently enjoined from asserting such Liens and Interests against the Property and the Purchaser. All Liens and Interests shall attach to the proceeds of sale with the same extent, validity, and priority as they had with respect to the Property prior to closing and shall be paid as provided by this Plan.

iv. Transactions under the Purchase Sale Agreement are Transfers Under the Plan. The conveyance of the Property to the Purchaser and the delivery of the deed for the Real Property to the Purchaser are all transfers required by the provisions of the Purchase and Sale Agreement, this Plan and the Confirmation Order and shall constitute "transfers under a plan" within the purview of §1146(a) of the Bankruptcy Code and shall not be subject to transfer, stamp or similar taxes in accordance with such section.

v. Exemption from Transfer Taxes. Pursuant to § 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of securities under this Plan and the Purchase and Sale Agreement, or the making or delivery of the deed or other instrument of transfer under, in furtherance of or in connection with, this Plan, shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax imposed by any federal, state or local authority, including, without limitation, any tax imposed by the (a) State of New Jersey, or (b) Camden County, New Jersey, in connection with the Property owned by the Debtor. In order to effectuate the provisions of Section 1146(a) of the Bankruptcy Code, the Confirmation Order shall order and direct, to the extent necessary, the Recorder of Deeds of Camden County New Jersey to promptly record any deed(s) to the Property owned by the Debtor which is being sold to the Purchaser pursuant to the provisions of this Plan.

vi. Execution of Documents Extinguishing Liens. The Reorganized Debtor shall have the authority and power to execute documents extinguishing Liens on behalf of those creditors whose Liens have been and will be extinguished pursuant to this Plan.

vii. Restructuring Transactions. On the Effective Date, or as soon as reasonably practicable thereafter, the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by or necessary to effectuate and implement the Plan and the Purchase and Sale Agreement.

viii. Corporate Existence. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, the Debtor shall continue to exist after the Effective Date as a limited liability company with all the powers of a limited liability company pursuant to the applicable law of New Jersey where the Debtor is incorporated and pursuant to its certificate of formation and by-laws in effect before the Effective Date, except to the extent such certificate of formation and by-laws are amended.

ix. Vesting of Assets in the Reorganized Debtor. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan or the Plan Supplement, on the Effective Date, all Assets in the Estate, all Causes of Action, and any property acquired by the Debtor pursuant to the Plan shall vest in the Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances. On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

x. Corporate Action. Upon the Effective Date, or as soon thereafter as is reasonably practicable, all actions contemplated by the Plan and Purchase and Sale Agreement shall be deemed authorized and approved in all respects.

xi. Directors and Officers of the Reorganized Debtor. As of the Effective Date, George Rengepes and James Rengepes, the only current members of the board of directors

and officers of the Debtor shall continue as directors and officers of the Debtor. The Reorganized Debtor hereby assumes (or will honor, or reaffirm, as the case may be) all indemnification obligations of the Debtor to each director and officer that was serving in such capacity on the Petition Date. Since the Petition Date, no compensation was paid to either director or officer by the Debtor. Further, no compensation will be paid by the Debtor to these officers and directors until all of the designated classes of Allowed Claims, Priority Tax Claims, Administrative Claims including Fee Claims have been paid in full under the Plan.

xii. Effectuating Documents; Further Transactions. On and after the Effective Date, the Reorganized Debtor, and its officers and directors, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and the Purchase and Sale Agreement, without the need for any approvals, authorization or consents except those expressly required pursuant to the Plan.

xiii. Preservation of Causes of Action. In accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtor's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. For the avoidance of doubt, the preservation of Causes of Action described in the preceding sentence includes, but is not limited to, the Debtor's right to object to General Unsecured Claims. The Reorganized Debtor may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor in its discretion. No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement, or the Disclosure Statement to any Cause of Action against them as any indication that the Debtor or the Reorganized Debtor will not pursue any and all available Causes of Action against them. The Debtor and the Reorganized Debtor expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan.

The Reorganized Debtor reserves and shall retain the applicable Causes of Action notwithstanding the rejection or repudiation of any Executory Contract or Unexpired Lease during this Chapter 11 Case or pursuant to the Plan. The Reorganized Debtor through its authorized agent or representative, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtor shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

E. Conditions Precedent to Confirmation and Consummation of the Plan.

i. Conditions Precedent to Confirmation. It shall be a condition to Confirmation that the following conditions shall have been satisfied or waived pursuant to the

provisions of Article 9.3 of the Plan:

a. The Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Debtor and Purchaser.

ii. Conditions Precedent to the Effective Date. It shall be a condition to the Effective Date of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article 9.3 of the Plan:

a. The Confirmation Order shall be a Final Order unless waived by both the Debtor and Purchaser.

iii. Waiver of Conditions. The conditions to Confirmation and to Consummation set forth in Article IX of the Plan may be waived only by the Person whom is entitled to satisfaction of such condition, without notice, leave, or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan.

iv. Effect of Failure of Conditions. If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtor, any Holders, or any other Entity; (2) prejudice in any manner the rights of the Debtor, any Holders, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtor, any Holders, or any other Entity in any respect.

F. Settlement, Discharge, and Related Provision.

i. Compromise and Settlement of Claims, Interests, and Controversies. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of substantially all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim or Interest may have with respect to any Allowed Claim or Interest or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and Holders, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against it and Causes of Action against other Entities.

ii. Discharge of Claims and Termination of Interests. Pursuant to section 1141(d) of the Bankruptcy Code, the distributions, rights and treatment that are provided in the Plan shall be in complete satisfaction, discharge, and release, effective as of the Effective Date, of Claims, Interests, and Causes of Action of any nature whatsoever, including any interest

accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any liability (including withdrawal liability) to the extent such Claims or Interests relate to services performed by employees of the Debtor before the Effective Date and that arise from a termination of employment, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not: (1) a Proof of Claim based upon such debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Any default by the Debtor with respect to any Claim or Interest that existed immediately before or on account of the filing of this Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims and Interests subject to the Effective Date occurring. On the Effective Date (i) all Claims against the Debtor will be satisfied, discharged and released in full and (ii) all Persons shall be precluded and enjoined from asserting against the Debtor, its Estate, or its Assets, 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 Effective Date.

iii. Discharge of Claims; Injunction. 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, its Estate or its Assets, and upon the Effective Date, all existing Claims against the Debtor, its Estate and its Assets will be, and be deemed to be, exchanged, satisfied, discharged and released in full; and all holders of Claims and Interests shall be precluded and enjoined from asserting against the Debtor, its Estate or their successors or their respective Assets, any other or further Claim based upon any act or omission, transaction or other activity of any kind or nature, whether or not the holder Filed a proof of claim.

iv. Release of Liens. Except as otherwise provided in the Plan or in any contract, instrument, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtor and its successors and assigns.

v. Term of Injunctions or Stays. Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in this Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding the discharge injunction contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date. The

discharge injunction contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with the provisions of the Bankruptcy Code including section 1141.

vi. Liability in Connection with Plan. Neither the Debtor nor R&F or any of their attorneys, accountants, financial advisors, investment bankers or agents shall have, or shall they incur, any liability to any Creditor or Person for any act or omission in connection with or arising out of their duties and participation in this Chapter 11 Case, the administration of the Plan or the property to be distributed under the Plan, except for gross negligence or willful misconduct, and all such Persons shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. The foregoing shall not, however, affect the liability of the Debtor to any Creditor in connection with any Allowed Claim under the Plan; nor shall the foregoing affect the liability of any party with respect to any act or omission that has occurred prior to the Petition Date.

VI. THE CHAPTER 11 CASE

A. Voluntary Petition. On May 3, 2017 (the “Petition Date”), the Debtor filed a voluntary petition with the United States Bankruptcy Court for the Eastern District of Pennsylvania under chapter 11 of title 11 of the Bankruptcy Code. The Debtor is operating its business and managing its property as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. Retention of Professionals. On the Petition Date, the Debtor filed an application to retain (a) Maschmeyer Karalis P.C. (“MK”) as bankruptcy counsel, and (b) on May 9, 2017, Asterion, Inc. (“Asterion”) as its financial advisor. The Court approved the application to employ MK by Order dated May 29, 2017 (Doc. No. 49), and the application to employ Asterion by Order dated May 25, 2017 (Doc. No. 48).

C. Schedules and Statements of Financial Affairs. On May 31, 2017, the Debtor filed with the Bankruptcy Court its Bankruptcy Schedules and Statement of Financial Affairs. (Doc. No. 53).

D. Claims Bar Date. The Bankruptcy Court established July 28, 2017 as the General Bar Date and the last date for filing Proofs of Claim or proofs of Interest which either arose or may be deemed to have arisen prior to the Petition Date (other than those of Governmental Units). For Claims of Governmental Units which either arose or may be deemed to have arisen prior to the Petition Date, the Governmental Unit Bar Date is October 31, 2017. (Doc. No. 61).

E. Cash Collateral Motion. Concurrent with the filing of its voluntary petition, the Debtor filed a motion for authority to use cash collateral and provide adequate protection. By numerous interim orders, the Affiliate debtor Central Laundry, Inc. is authorized to use cash collateral. (Doc. Nos. 26, 63, 76, 103 and 123). The fifth interim cash collateral order provides inter alia that in consideration for the consensual continued use of Cash Collateral set forth in that order, the Debtor and its affiliated Debtor, Bellmawr Laundry LLC (Case No. 17-13189(ELF) (the “Bellmawr Debtor”) agree to the following:

a. The Central debtor and Bellmawr Debtor shall file individual plans and disclosure statements (or a joint plan and disclosure statement) no later than October 31, 2017, with a fully executed term sheet by all parties from a third party exit lender and/or plan funder attached to the plan and/or disclosure statement, so that the plan(s) can proceed to a hearing to consider the adequacy of the disclosure statements and to fix dates for the solicitation of the plans and to schedule a confirmation hearing to be held no later than January 19, 2018.

b. In the event that the Central Debtor and Bellmawr Debtor are not able to comply with the conditions set forth in paragraph (a) above, then the Bellmawr Debtor shall do the following:

i. On November 1, 2017, it shall file with this Court an application to retain a licensed commercial real estate broker (acceptable to M&T Bank) to market for sale the real property owned by the Bellmawr Debtor;

ii. On or before November 3, 2017 it shall file with this Court a motion to schedule a sale of its real property under Section 363 of the Bankruptcy Code with such sale to be held no later than December 8, 2017; and

iii. In the event that the Bellmawr Debtor fails to file a plan as set forth in paragraph 9(a) above and fails to perform its obligations set forth in paragraph (b)(i) or 9(b)(ii) above, M&T Bank is automatically granted relief from the automatic stay to exercise its state court remedies as to the Bellmawr Debtor and the property owned by the Bellmawr Debtor.

F. US Trustee Motion to Convert or Dismiss this Chapter 11 Case. On October 10, 2017, the United States Trustee filed a Motion to Dismiss or Convert to Chapter 7. On October 24, 2017, the Debtor filed an Answer and Affirmative Defenses to the United States Trustee's Motion to Dismiss or Convert to Chapter 7. The hearing to consider the US Trustee's motion is scheduled for November 15, 2017 before the Bankruptcy Court. A similar motion was also filed by the US Trustee in the affiliated debtor's case, which is scheduled for the same date and time as this Chapter 11 Case.

G. Debtor's Plan. On October 31, 2017, the Debtor filed its Plan of Reorganization (Doc. No. 137) and Disclosure Statement in this Chapter 11 Case.

VII. PROJECTED SOURCES AND USES OF FUNDS

The Debtor has attached its projected sources and uses of funds as of the Effective Date as **Exhibit "B"** to this Disclosure Statement. The Debtor believes that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor or any successor under the Plan.

The Debtor makes statements in this Disclosure Statement that are considered projections and estimates. Statements concerning these and other matters are not guarantees of the Debtor's future performance. Such projections represent the Debtor's estimates and assumptions only as of the date such statements were made and involve known and unknown risks, uncertainties, and

other unknown factors that could impact the Debtor's restructuring plans or cause the actual results of the Debtor to be materially different from the historical results or from any future results expressed or implied by such projections. There can be no assurance that the restructuring transaction described herein will be consummated. Creditors and other interested parties should see the section entitled "Risk Factors" of this Disclosure Statement for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtor.

The Projections should be read in conjunction with the assumptions, qualifications, and explanations set forth in this Disclosure Statement and the Plan.

Creditors and other interested parties should see the section entitled "Risk Factors" of this Disclosure Statement for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtor.

VIII. RISK FACTORS

There are risks, uncertainties, and other important factors that could cause the Debtor's actual performance or achievements to be materially different from those it may project and the Debtor undertakes no obligation to update any such statement. These risks, uncertainties and factors include:

- the Debtor's ability to confirm and consummate the Plan;
- the Purchaser's ability to conclude closing on the Purchase and Sale Agreement which is the funding source for the Plan;

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors, they should not be regarded as constituting the only risks present in connection with the Debtor's business or the Plan and its implementation.

A. Risks Relating to Bankruptcy and closing on Purchase and Sale Agreement.

i. Parties in interest may object to the Plan'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 Debtor believes that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtor created Classes of Claims and Interests, each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims and Interests in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

ii. The Debtor may fail to satisfy vote requirements. In the event that votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtor intends to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event

that sufficient votes are not received, the Debtor may seek to confirm an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the Holders of Allowed Claims and Allowed Interests as those proposed in the Plan.

iii. The Debtor may not be able to obtain Confirmation of the Plan. With regard to any proposed plan of reorganization, the debtor seeking confirmation of a plan may not receive the requisite acceptances to confirm such plan. If the requisite acceptances of the Plan are received, the Debtor intends to seek Confirmation of the Plan by the Bankruptcy Court. If the requisite acceptances of the Plan are not received, the Debtor may nevertheless seek Confirmation of the Plan notwithstanding the dissent of certain Classes of Claims or Interests. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code if the Plan satisfies section 1129(b) of the Bankruptcy Code. To confirm a plan over the objection of a dissenting class, the Bankruptcy Court also must find that at least one impaired class (which cannot be an "insider" class) has accepted the Plan.

If the Plan is not confirmed by the Bankruptcy Court, (a) the Debtor may not be able to reorganize its business; (b) the distributions that holders of Claims ultimately would receive, if any, with respect to their Claims is uncertain; and (c) there is no assurance that the Debtor will be able to successfully develop, prosecute, confirm, and consummate an alternative plan that will be acceptable to the Bankruptcy Court and the Holders of Claims and Interests. It is also possible that third parties may seek and obtain approval from the Bankruptcy Court to terminate or shorten the exclusivity period during which only the Debtor may propose and confirm a plan of reorganization.

iv. The conditions precedent to the Effective Date of the Plan may not occur. As more fully set forth in the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not take place.

v. The Debtor may not be able to achieve its projected sources and uses of funds. The projected sources and uses of funds set forth on **Exhibit "A"** to this Disclosure Statement represent the Debtor's best estimate of its future financial performance based on currently known facts and assumptions including the Purchase and Sale Agreement.

vi. The Debtor's emergence from chapter 11 is not assured. While the Debtor expects to emerge from chapter 11, there can be no assurance that the Debtor will successfully reorganize or when this reorganization will occur, irrespective of the Debtor's obtaining Confirmation of the Plan.

vii. The Purchaser fails to close under the Purchase and Sale Agreement. If the Purchaser fails to close on the Purchase and Sale Agreement, the Debtor will have to remarket its property for sale.

IX. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan. Among the requirements for the Confirmation of the Plan are that the Plan (i) is accepted by all impaired Classes of Claims, or if rejected by an Impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class; (ii) is feasible; and (iii) is in the "best interests" of Holders of Claims.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtor believes that: (i) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11; (ii) the Debtor has complied or will have complied with all of the necessary requirements of chapter 11; and (iii) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis. Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (i) has accepted the plan or (ii) will receive or retain under the plan property of a value that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7.

The Debtor has attached hereto as **Exhibit "C"** a liquidation analysis.

C. Feasibility. Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the plan of reorganization is not likely to be followed by the liquidation, or the need for further financial reorganization of the debtors, or any successor to the debtors (unless such liquidation or reorganization is proposed in the plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtor has analyzed its ability to meet its obligations under the Plan. As part of this analysis, the Debtor prepared the projected sources and uses of funds, as set forth on **Exhibit "B"** attached hereto.

D. Acceptance by Impaired Classes. The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required.²

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of allowed claims in that class, counting only those claims that *actually* voted

² A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; or (b) cures any default, reinstates the original terms of the such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

to accept or to reject the plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number actually voting cast their Ballots in favor of acceptance.

E. Confirmation Without Acceptance by All Impaired Classes. Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it, provided that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any impaired Class rejects the Plan, the Debtor reserves the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(h) of the Bankruptcy Code. To the extent that any impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtor will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code.

i. No Unfair Discrimination. This test applies to classes of claims or interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

ii. Fair and Equitable Test. This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in such class.

The Debtor submits that if the Debtor proceeds with a "cramdown" of the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtor believes that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation of the Plan.

X. TAX CONSEQUENCES OF THE PLAN UPON HOLDERS OF CLAIMS AND INTERESTS.

All holders of Claims and Interests should consult with their own tax advisors as to the particular tax consequences to them of the transactions contemplated by the Plan, including the applicability and effect of any federal, state, local or non-U.S. tax laws, and of any change in applicable tax laws.


BELLMAWR LAUNDRY, LLC
d/b/a LIBERTY LAUNDRY

By: _____


JAMES RENGEPEPES

MASCHMEYER KARALIS P.C.

By: _____


ARIS J. KARALIS
Attorneys for the Debtor

Dated: October 31, 2017

EXHIBITS

- Exhibit A Purchase and Sale Letter of Intent
- Exhibit B Projected Sources and Uses of Funds
- Exhibit C Liquidation Analysis

EXHIBIT A

Purchase and Sale Letter of Intent



Via Email

October 27, 2017

Mr. Scott Mertz, SIOR
President, NAI Mertz
21 Roland Avenue
Mt. Laurel, NJ 08054

RE: Exeter Offer for 281 Benigno Boulevard

Dear Scott,

Herein we submit our Letter of Intent for the purchase of 281 Benigno Boulevard in Bellmawr, NJ. If the basic terms and conditions of this Letter are acceptable, Purchaser will incorporate them into a Purchase and Sale Agreement (the "Agreement") which must be executed by all of the parties to this Letter of Intent on or before November 10, 2017. The following will represent the basic points of the Agreement:

PURCHASER:	An affiliate of Exeter Property Group
SELLER:	Bellmawr Laundry LLC d/b/a Liberty Linen, Debtor-in-Possession
PROPERTY:	281 Benigno Boulevard, a +/- 74,148 square foot industrial building located in Bellmawr, NJ.

Purchaser will acquire 100% of the unencumbered fee interest in the Property from the Seller, together with all of the Seller's rights, title and interests in the improvements thereon, easements, appurtenances and development rights thereto, and all personal property owned by Seller and used in connection with the operation and maintenance of the Property.

Exeter Property Group
Letter of Intent
October 27, 2017

- PURCHASE PRICE:** Purchaser will acquire the Property for \$3,400,000 (the "Purchase Price"). The Purchase Price shall be payable at the closing of the transaction and shall be adjusted at the closing to reflect customary prorations and adjustments.
- DEPOSIT:** \$50,000 deposited within five (5) business days of mutual execution of the Agreement.
- DUE DILIGENCE PERIOD:** Purchaser will have until the date that is thirty (30) days from the date of the full execution of the Agreement to inspect the Property, review the environmental conditions, surveys, title reports, leases, and contracts, and conduct any other studies Purchaser desires. If Purchaser is not satisfied for any reason, it may terminate the Agreement and receive
- CLOSING DATE:** Upon the later to occur of (i) the date that is ten (10) business days after the entry of a final and non-appealable Order of the United States Bankruptcy Court for the Eastern District of Pennsylvania (the "Bankruptcy Court") confirming the Seller's plan (the "Plan") and (ii) the date that is ten (10) business days from the expiration of the Due Diligence Period. Notwithstanding anything to the contrary contained herein, if the Plan is not finally approved by the Bankruptcy Court on or before February 1, 2018, then Purchaser shall have the continuing right to terminate the Agreement anytime thereafter until the Plan is finaloly approved.
- EXCLUSIVITY:** In consideration of the time and effort which Purchaser will be committing to this undertaking and in recognition of the time necessary to successfully consummate any or all of the proposed transaction, Seller agrees that upon execution of this letter of intent, except for the negotiations with Purchaser pursuant to this letter, Seller will not and will not permit any agent, partner, or affiliate to accept or entertain offers, negotiate, solicit interest or otherwise enter into discussions involving the sale, recapitalization, restructuring or disposition of all or any part of the Property before the expiration of the Due Diligence Period, and thereafter while the Agreement is in effect, as such date may be extended by mutual agreement.

SELLER'S

BANKRUPTCY CASE: On May 3, 2017, the Seller filed a Voluntary Chapter 11 Petition with the Bankruptcy Court at Case No. 17-13189(ELF) and is currently operating as a debtor-in-possession. The confirmation hearing on the Plan shall be held no later than January 18, 2018. As the sale of the Property will be part of the Plan, the sale will not be subject to higher or better offers. The Seller intends to attach this Letter of Intent as an exhibit to its Plan which will be filed with the Bankruptcy Court on or before October 31, 2017.

**OTHER
CONTINGENCIES:** None.

NON-BINDING: This letter is solely intended as an expression of interest and shall not be a legally binding agreement (except for the "Exclusivity" provisions). Neither Purchaser nor Seller shall have an obligation to close the transactions described herein until such time as they, in their sole and absolute discretion, enter into appropriate formal legal documentation including the Agreement.

Exeter Property Group
Letter of Intent
October 27, 2017

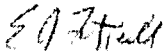
CLOSING COSTS: Customary allocation of closing costs. Seller and Purchaser shall each be responsible for paying a portion of the sales commission resulting from this transaction, pursuant to the terms and conditions of separate agreements.

BROKERS: NAI Mertz

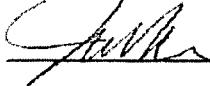
Please note that the terms of this letter will expire at 5:00 PM (Eastern Time) on November 2, 2017 unless Purchaser shall have received on or prior to such time notice of Seller's acceptance of this letter.

We look forward to having the opportunity to discuss our offer with you. Please do not hesitate to call me with any questions regarding this offer at 610-348-3055.

Sincerely,

By: 
Edward J. Fitzgerald
Authorized Signatory

AGREED TO AND ACCEPTED BY SELLER:



Name: *James Leavitt*
Title: *Broker*
Date: *10/31/2017*

EXHIBIT B

Projected Sources and Uses of Funds

BELLMAWR LAUNDRY, LLC
DISCLOSURE STATEMENT
SOURCES AND USES OF FUNDS
JANUARY 31, 2018

<u>Sale Proceeds</u>		\$3,400,000 ¹
<u>Payments on Effective Date under Plan:</u>		
<u>Secured Claims (Classes 1, 2 & 3)</u>		
Borough of Bellmawr ² (property taxes & municipal claims)	\$ 174,254	
M&T Bank ³	\$ 1,535,000	
SBA ⁴	\$ 1,126,312	
Estimated accrued interest & fees	<u>\$ 150,000</u>	
TOTAL SECURED CLAIMS		\$2,985,566
<u>ADMINISTRATIVE CLAIMS</u>		
Professional Fees (est.)	\$ 150,000	
Broker's Fee @5%	\$ 165,000	
Post-Petition Property Taxes (est.)	<u>\$ 76,000</u>	
TOTAL ADMINSTRATIVE CLAIMS		\$ 391,000
PRIORITY CLAIMS – Class 4		<u>\$ 00</u>
SUB-TOTAL SECURED, ADMINISTRATIVE AND PRIORITY CLAIMS		<u>(\$3,376,566)</u>
Amount Available for Class 5 (Allowed General Unsecured Claims)		\$ 23,434

¹ Per agreement of sale dated November 10, 2017 between Debtor and Exeter 281 Benigno, LLC.

² Amount due as of Petition Date per filed proof of claim, interest continues to accrue post-petition.

³ Amount due as of Petition Date per filed proof of claim, interest and fees continue to accrue post-petition.

⁴ Amount due as of 9/20/17, interest and fees continue to accrue.

EXHIBIT C

Liquidation Analysis

**BELLMAWR LAUNDRY LLC
DISCLOSURE STATEMENT
LIQUIDATION ANALYSIS
DECEMBER 31, 2017**

ASSETS

Cash	\$ 0
Real Property ¹	<u>\$ 3,400,000</u>
TOTAL ASSETS	\$ 3,400,000

LIABILITIES

Secured Claims

Borough of Bellmawr ² (property taxes & municipal claims)	\$ 174,254	
M&T Bank ³	\$ 1,535,000	
SBA ⁴	\$ 1,126,312	
Accrued Interest and Fees – Estimated	<u>\$ 150,000</u>	
TOTAL SECURED CLAIMS		\$2,985,566

ADMINISTRATIVE CLAIMS

Chapter 11 Professional Fees	\$ 150,000	
Chapter 7 Professional Fees & Trustee Commission	\$ 170,000	
Cost of Sale of Real Property (@6%)	\$ 198,000	
Post-Petition Property Taxes (est.)	<u>\$ 76,000</u>	
TOTAL ADMINSTRATIVE CLAIMS		\$ 594,000

PRIORITY CLAIMS \$ 00

**TOTAL SECURED, ADMINISTRATIVE
AND PRIORITY CLAIMS** **\$3,579,566**

SUMMARY

Liquidation Value of Assets	\$ 3,400,000
Less: Secured, Administrative and Priority Claims	<u>\$ 3,579,566</u>
Deficiency in Assets for General Unsecured Creditors	\$ (179,566)

In the event of a liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, there will be no assets available nor any dividend paid to unsecured creditors.

¹ Assumes Trustee achieves same contract price as existing offer for property.

² Amount due as of Petition Date per filed proof of claim, interest continues to accrue post- petition.

³³ Amount due as of Petition Date per filed proof of claim, interest and fees continue to accrue post- petition.

⁴ Amount due as of 9/20/17, interest and fees continue to accrue.