THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. NO SOLICITATION ON THE BASIS OF THIS DISCLOSURE STATEMENT MAY BE MADE UNTIL APPROVED BY THE BANKRUPTCY COURT.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Norfolk Division

In re:	)	**Case No. 16-73359-SCS**
Parker Development, LLC,	)	**Chapter 11**
Debtor.	)	
	)	

DISCLOSURE STATEMENT FILED BY
SUMMITBRIDGE NATIONAL INVESTMENTS III LLC

INTRODUCTION

On September 28, 2016 (the "Petition Date"), Parker Development, LLC ("Parker Development" or "Debtor"), the debtor and debtor in possession herein, filed a *Voluntary Petition* under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et seq.* (the "Bankruptcy Code"), thereby commencing the above-captioned case (the "Bankruptcy Case").

SummitBridge National Investments III LLC ("SummitBridge" or "Plan Proponent"), a secured creditor and party in interest herein, by and through the undersigned counsel, filed with the United States Bankruptcy Court for the Eastern District of Virginia, Norfolk Division, a *Plan of Liquidation*, dated June 16, 2017 (the "**Plan**"). Pursuant to the terms of the United States Bankruptcy Code, this Disclosure Statement has been presented to and approved by the Bankruptcy Court. Such approval is that required by statute and does not constitute a judgment by the Court as to the desirability of the Plan or as to the value or suitability of any consideration offered thereby. Interested parties are referred to 11 U.S.C. § 1125, which reads, in part:

> (b) An acceptance or rejection of a plan may not be solicited after the commencement of the case under this title from a holder of a claim or interest with respect to such claim or interest, unless, at the time or before such solicitation, there is transmitted to such holder the plan or a summary of the plan, and a written disclosure statement approved, after notice and a hearing, by the court as

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containing adequate information. The court may approve a disclosure statement without a valuation of the debtor or an appraisal of the debtor's assets.

(d) Whether a disclosure statement required under subsection (b) of this section contains adequate information is not governed by any otherwise applicable nonbankruptcy law, rule, or regulation, but an agency or official whose duty is to administer or enforce such a law, rule, or regulation may be heard on the issue of whether a disclosure statement contains adequate information. Such an agency or official may not appeal from, or otherwise seek review of, an order approving a disclosure statement.

(e) A person that solicits acceptance or rejection of a plan, in good faith and in compliance with the applicable provisions of this title, or that participates, in good faith and in compliance with the applicable provisions of this title, in the offer, issuance, sale, or purchase of a security, offered or sold under the plan, of the debtor, of an affiliate participating in a joint plan with the debtor, or of a newly organized successor to the debtor under the plan, is not liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing solicitation of acceptance or rejection of a plan or the offer, issuance, sale, or purchase of securities.

The Plan Proponent has prepared this Disclosure Statement to disclose that information which, in their opinion, is material, important, and necessary to an evaluation of the Plan. The material herein is intended solely for that purpose and solely for the use of known creditors of Parker Development, LLC ("Debtor" or "Parker Development"), the debtor and debtor in possession herein, and, accordingly, may not be relied upon for any purpose other than determination of how to vote on the Plan. In addition, materials contained in this Disclosure Statement are not necessarily sufficient for the formation of a judgment by any creditor of the preferability of any alternative to the Plan. Finally, neither this Disclosure Statement nor any of the schedules or exhibits have been reviewed or audited by an independent accountant but are based solely upon information provided to or acquired by the Plan Proponent during the instant Chapter 11 Case.

The Plan Proponent has proposed the Plan hereinafter described and favor it. Information and materials referring to alternatives to the Plan are limited by both practical considerations of

space and the opinions of the Plan Proponent regarding same. In addition, applicable law does not require inclusion in a disclosure statement of information regarding alternative plans.

In order to vote on the Plan, a creditor must have filed a proof of claim, unless such claim is scheduled by the Debtors as not disputed, liquidated, and not contingent. Any creditor scheduled as not disputed, liquidated, and not contingent is, to the extent scheduled, deemed to have filed a claim, and, absent objection, such claim will be deemed allowed. Any creditor's claim which was listed in the Debtors' schedules as disputed, contingent, or unliquidated shall be deemed disallowed for distribution and voting purposes if no proof of claim was filed within the time allowed by the court. A creditor may vote to accept or reject the Plan by filling out and mailing to the Plan Proponent's counsel the ballot which the Plan Proponent has provided.

Whether a creditor votes on the Plan or not, such person will be bound by the terms and treatment set forth in the Plan if the Plan is accepted by the requisite majorities of classes of creditors and/or is confirmed by the Bankruptcy Court. Absent some affirmative act constituting a vote, such creditor will not be included in the plan voting tally. Allowance or disallowance of a claim for voting purposes does not necessarily mean that all or a portion of the claim will be allowed or disallowed for distribution purposes.

In order for the Plan to be accepted by creditors, a majority in number and a two-thirds majority in amount of claims filed and allowed (for voting purposes) and voting of each impaired class of creditors must vote to accept the Plan. You are, therefore, urged to fill in, date, sign, and promptly mail the enclosed ballot furnished by the Plan Proponent. Please be sure to properly complete the form and legibly identify the name, address, and phone number of the claimant.

The Plan Proponent may solicit your vote. The cost of any solicitation by the Plan Proponent will be borne by the Plan Proponent. No representative of the Plan Proponent shall receive any additional compensation for any solicitation.

Any representations or inducements made by any person to secure your vote which are other than as herein contained should not be relied upon, and such representations or inducements should be reported to counsel for the Plan Proponent, who shall deliver such information to the Bankruptcy Court.

RELEVANT FACTUAL BACKGROUND

The Property

The Debtor is Virginia limited liability company in the business of owning and operating commercial property in Norfolk, Virginia, improved by three commercial office buildings containing approximately 24,200 square feet of net rentable space situated at 1130 Tabb Street, 850 Tidewater Drive, and 852 Tidewater Drive, Norfolk, Virginia 23504 (collectively, the "Property"). A more particular description of the Property is found in the Deed of Trust, as that term is defined below.

The Loan

On or about April 15, 2011, Branch Banking and Trust Company ("BB&T), a North Carolina banking corporation, made a loan in the amount of $1,550,000 (the **"**Loan") to the Debtor, as evidenced by, among other things: (a) a *Loan Agreement*, dated April 15, 2011, by and between the Debtor and BB&T (the "Loan Agreement"); and (b) a *Promissory Note*, dated April 15, 2011, executed and delivered by the Debtor to the order of BB&T in the original principal amount of $1,550,000 (the **"**Note").

The *Note* is payable in fifty-nine equal installments of principal and interest in the amount of $10,500.00 each (the "Installments"), with a final payment of all remaining unpaid principal and interest being due on April 15, 2016 (the "Maturity Date"). Interest under the *Note*

accrues at the variable rate of BB&T's Prime Rate (as defined in the *Note*) plus 1.500% per annum, adjusted daily, with a floor rate of not less than 5.000% per annum (the "Non-Default Rate"). Following any default, interest increases to BB&T's Prime Rate plus 5.000% (the "Default Rate").

The indebtedness and obligations owed by the Debtor under the *Loan Agreement* and *Note* are secured by a first-priority duly perfected lien and security interest in, to and against the Property and all leases and rents associated with and generated by the Property, as evidenced and more particularly described in the following documents: (i) that certain *Virginia Deed of Trust* dated April 15, 2011, executed by the Debtor for the benefit of BB&T, and recorded among the Land Records maintained by the Clerk of the Circuit Court for the City of Norfolk, Virginia (the "Land Records") on May 20, 2011, as Instrument No. 110010073, as amended and confirmed by that certain *Amendment and Confirmation of Deed of Trust*, dated August 17, 2011, and recorded among the Land Records on August 25, 2011 as Instrument Number 110016811 (collectively, the "Deed of Trust"); and (ii) that certain *Assignment of Leases and Rents* dated April 15, 2011, executed and delivered by the Debtor in favor of BB&T, and recorded on May 20, 2011, among the Land Records as Instrument Number 110010074 (the "Assignment of Leases") (collectively, the "Security Documents").

The Loan is guaranteed by George G. Parker ("Parker"), Debbie K. Parker ("Mrs. Parker"), and Parker Development, Inc. ("PDI"), as evidenced by separate *Guaranty Agreements*, each dated April 15, 2011 (collectively, the "Guaranties"). Parker is the president and sole member of the Debtor. PDI is an affiliated entity that is also owned by Parker.

Assignment of Loan to SummitBridge

On or about June 12, 2014 (the "Assignment Date"), the *Note*, the *Loan Agreement*, the *Security Documents*, and all other documents evidencing, securing, guarantying or otherwise documenting the indebtedness and obligations owed under the Loan, and all other documents relating thereto and/or executed in connection therewith (collectively, the "Loan Documents") were granted, assigned and transferred from BB&T to SummitBridge, as evidenced by (i) a *Bill*

of Sale and Assignment of Loans and Loan Documents dated June 12, 2014 (the "Bill of Sale"), and (ii) an *Allonge* dated June 12, 2014 (the "Allonge"). As a result of the assignment, SummitBridge is the current owner and holder of the Loan and the *Loan Documents* and all liens and security interests against the Property securing the Loan.

Defaults, Efforts to Foreclose and Automatic Stay

The Debtor failed to tender any Installment to SummitBridge after February 2016, which constituted a payment default under the *Loan Documents*. As a result of the Debtor's payment defaults, SummitBridge exercised its rights under the *Assignment of Leases* and directed the various tenants in the Property to pay their rents directly to SummitBridge. As such, beginning on April 5, 2016 and continuing until the Petition Date, SummitBridge actively and directly collected all rents generated in connection with the Property.

The *Note* matured according to its stated terms and became due and payable in full on April 15, 2016 (the "Maturity Date"). Following demand for payment of the *Note*, SummitBridge exercised its contractual and state law rights against the Property under the terms of the *Loan Documents* and scheduled a foreclosure sale to occur on September 29, 2016. The commencement of the Bankruptcy Case operated to stay SummitBridge's foreclosure efforts against the Property. The Debtor continues to operate its business and manage its asset as a debtor in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in the Bankruptcy Case, nor is there a creditors' committee.

Assets and Liabilities in Bankruptcy Case

The Property constitutes the only asset of the Debtor in the Bankruptcy Case.

There are only two creditors in this case, SummitBridge and the Treasurer of the City of Norfolk (the "City of Norfolk"). The City of Norfolk is owed unpaid real estate taxes in connection with the Property; its claim is secured by a statutory lien in the Property. On December 12, 2016, the City of Norfolk filed a proof of claim in the Bankruptcy Case, designated as Claim 1 on the Claims Register maintained by the Clerk, reflecting that it is owed

the sum of $40,412.63 for the property tax arrearages secured by the Property. The lien to secure The City of Norfolk's claim is senior in priority to the lien securing SummitBridge's claim.

As of the Petition Date, the aggregate amount due and owing to SummitBridge under the *Note* was $1,345,434.20, consisting of principal ($1,322,614.28), accrued interest at the Default Rate ($22,819.92), and expenses (including legal expenses) incurred in connection with its efforts to foreclosure ($11,742.20). *See Proof of Claim* designated as Claim 2 on the Claims Register maintained by the Clerk in the Bankruptcy Case. Commencing on November 22, 2016 and continuing through May 19, 2017, the Debtor has paid SummitBridge monthly post-petition adequate protection payments in the aggregate amount of $39,953.98, representing interest accruing on the Loan at the Non-Default Rate.[1] Through June 15, 2017, the balance owed to SummitBridge totals approximately $1,438,574.73, consisting of principal ($1,345,434.20), accrued and unpaid interest at the Default Rate through June 15, 2017 (with a credit for all post-petition adequate protection payments received) ($28,851.60), legal fees through May 31, 2017 ($59,588.93), and other costs ($4,700). Default Rate interest continuing to accrue at the daily rate of $327.0153 and SummitBridge is also entitled to additional legal fees as they may accrue on and after June 1, 2017. SummitBridge expects an adequate protection payment on or about June 19, 2017, and any adequate protection payments tendered will be applied against accruing interest.

There are no priority or general unsecured creditors in the Bankruptcy Case, other than creditors holding administrative expenses claims for goods and/or services supplied to the Debtor after the Petition Date.

Post-Petition Events in the Bankruptcy Case

Since the Petition Date, the following events have occurred—

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[1] Initially, the Debtor tendered a monthly payment of $5,510.89 in November and December, 2016. Thereafter, as a result of an increase in the Prime Rate component of the interest rate calculation, the monthly payment rose to $5,786.44.

- On October 26, 2016, SummitBridge filed a *Motion for Relief from Automatic Stay* (Docket No. 19) (the "Lift Stay Motion"), seeking relief from the automatic stay for caused based upon lack of good faith. The *Lift Stay Motion* was contested by a *Response* (Docket No. 28) filed by the Debtor on November 9, 2016. On December 28, 2016, following an evidentiary hearing conducted on December 21, 2016, the Court entered an *Order Regarding Motion for Relief from Stay* (Docket No. 46) which denied the *Lift Stay Motion*, directed that the Debtor tender monthly adequate protection payments, and continued the *Lift Stay Motion* for a final hearing on April 18, 2017. On May 31, 2017, following a final hearing conducted on April 18, 2017, the Court entered an *Order Dismissing Motion for Relief from Automatic Stay* (Docket No. 70) which dismissed the *Lift Stay Motion* without prejudice.

- On February 1, 2017, the Debtor filed a *Motion for Authority to Use Cash Collateral and to Provide Adequate Protection* (Docket No. 52) (the "Cash Collateral Motion), seeking entry of an order authorizing the use of SummitBridge's cash collateral in the Bankruptcy Case. Prior to the filing of the Cash Collateral Motion, the Debtor used SummitBridge's cash collateral on a periodic basis through intermittent and informal requests tendered to SummitBridge through its counsel. On March 20, 2017, following notice and a hearing conducted on March 9, 2017, the Court entered a *Consent Order Authorizing Debtor's Use of Cash Collateral and Granting Adequate Protection Pursuant to 11 U.S.C. §363* (Docket No. 61) (the "Cash Collateral Order"). The *Cash Collateral Order* authorized the Debtor's use of SummitBridge's cash collateral through April 18, 2017 in accordance with an agreed budget, and, among other things, directed that the Debtor pay SummitBridge a monthly adequate protection payment and pay, when due, or escrow all real estate taxes. SummitBridge and the Debtor are presently negotiating the terms under which the use of cash collateral will be extended beyond April 18, 2017, but the Debtor in the interim is continuing to use cash collateral with SummitBridge's intermittent consent.

- The requirement to escrow real estate taxes has been incorporated into the terms of an Amended Consent Order Conditioning Rights of Debtor in Possession (Docket No.72), which expressly provides for the opening of a real estate tax escrow account.

- The Debtor has filed monthly operating reports ("MOR") for October 2016 through May 2017. A copy of each MOR can be found at Docket Entry Nos. 33, 34, 51, 58, 60, 66, 69, and 74. Copies are also available upon written request to counsel for SummitBridge.

- By *Order* entered January 12, 2017 (Docket No. 48), the Court approved the Debtor's employment of The McCreedy Law Group, PLLC as it reorganization counsel in this case, retroactive to the Petition Date. There are no other professionals employed by the Debtor in the Bankruptcy Case.

- As noted above, only Norfolk and SummitBridge have filed proofs of claim in this case.

Status of Leasing Efforts for the Property

As of the Petition Date, there were a total of seven tenants that occupied approximately 57% of the net rentable space in the Property. Following the Petition Date, the Debtor has improved the leasing status of the Property to 90.1% occupancy. The current tenants and their status is as follows—

- Crestar Health, LLC occupies approximately 1,630 square feet (or 6.7%) of the Property (1130 Tabb Street, Suite C), pursuant to a pre-petition *Commercial Lease* dated May 30, 2014, with a term of five years, expiring May 31, 2019. For the period from June 1, 2017 through May 31, 2018, monthly rent under the Crestar lease is $2,615.12.

- Dominion Youth Services Day Treatment, LLC d/b/a Dominion Day Services, occupies approximately 1,630 square feet (or 6.7%) of the Property (1130 Tabb Street, Suite E), pursuant to a pre-petition *Commercial Lease* dated September 7, 2016, with a term of one year, expiring September 6, 2017, with three renewal options of one year each at a 3% annual increase on the rental rate. For the period from September 1, 2016 through August 31, 2017, monthly rent under the Dominion Youth Services lease is $2,136.04.

- Dominion Youth Services Day Treatment, LLC d/b/a Dominion Day Services, also occupies approximately 1,630 square feet (or 6.7%) of the Property (1130 Tabb Street, Suite D), pursuant to a post-petition *Commercial Lease* dated March 28, 2017, with a term of one year, expiring March 31, 2018, with three renewal options of one year each at a 3% annual increase on the rental rate. For the period from April 1, 2017 through March 31, 2018, monthly rent under this second Dominion Youth Services lease is $2,136.04.

- Painters and Allied Trades District Council 51 Joint Apprenticeship Training and Journeyman Education Program, n/k/a Finishing Trades Institute of Maryland, Virginia, Washington, D.C. and Vicinities, leases approximately 1,630 square feet (or 6.7%) of the Property (1130 Tabb Street, Suite F), pursuant to a pre-petition *Lease Agreement* dated October 1, 2002, as amended most recently by a *Lease Addendum* dated December 3, 2012, extending the term for five years, expiring September 30, 2017. For the period from October 1, 2016 through September 30, 2017, monthly rent under the Painter and Allied lease is $1,713.76. Painters and Allied has vacated its leased premises, has not paid rent following the Petition Date, and is not expected to renew its lease. It is anticipated that efforts will be made to collect unpaid rent owed in connection with this lease.

- Open Arms Personal Care, Inc. occupies approximately 1,630 square feet (or 6.7%) of the Property (852 Tidewater Drive, Suite A), pursuant to a pre-petition *Commercial Lease* dated February 28, 2014, with a term of three years, expiring on February 28, 2017, and year to year renewal thereafter at a 3% annual increase on the rental rate. For the period from March 1, 2017 through February 28, 2018, monthly rent under the Open Arms Personal Care lease is $1,725.00.

- Capital Commitment of Virginia occupies approximately 3,260 square feet (or 13.4%) of the Property (852 Tidewater Drive, Suite D and E), pursuant to a post-petition *Commercial Lease* dated December 1, 2016 for a term of five years, expiring November 30, 2021. For the period from December 1, 2016 through November 30, 2019, monthly rent under the Capital Commitment lease is $4,007.08.

- Ms. Clean Services, Inc. occupies approximately 192 square feet (or 2.1%) of the Property (852 Tidewater Drive, Suite A), pursuant to a pre-petition *Commercial Lease* dated January 12, 2016, with a term of one year, expiring on January 31, 2017, and year to year renewal thereafter at a 3% annual increase on the rental rate. However, for the period from February 1, 2017 through January 31, 2018, monthly rent under the Ms. Clean Services lease remains at $650.00.

- Family Systems, Inc. occupies approximately 6,285 square feet (or 26%) of the Property (850 Tidewater Drive, Suite A, and 1130 Tabb Street, Suite A and B), pursuant to a pre-petition *Office Lease* dated April 1, 2014, with a term of three years expiring on March 31, 2017. The lease contains an option to renew for a term of three years, provided that the tenant exercises the option at least ninety days prior to the expiration of the lease term. While it does not appear that Family Systems has exercised the renewal option, the Debtor and Family Systems are actively negotiating to continue the tenancy beyond the expiration of the existing lease. Documentation has been circulated to memorialize an agreement, subject to Bankruptcy Court approval, which includes (i) a new lease, (ii) a settlement agreement to compromise and settle a claim of unpaid rent in the amount of $313,841.55, and (ii) a lease guaranty by Family Services' principal.[2] In the interim, based upon the Debtor's Monthly Operating Reports, Family Services continues to occupy the leased premises and is tendering monthly rent of $8,704.72, pending finalization of the new lease.

- GHR Center for Opioid Addiction, Inc., occupies approximately 3,025 square feet (or 12.5%) of the Property (850 Tidewater Drive, Suite B), pursuant to a post-petition *Commercial Lease* dated March 25, 2017 for a term of thirteen months, expiring April 30, 2018, with two three-year options. For the period from May 1, 2017 through April 30, 2018, monthly

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[2] If the negotiations are not consummated by the time of Confirmation of the Plan Proponent's Plan, the Plan Trustee under the Plan will assume the responsibility for concluding negotiations and documenting the new lease with Family Services.

rent under the GHR Center lease is $3,718.23. Upon information contained in the Debtor's Monthly Operating Reports, GHR Center has not yet tendered its rent to the Debtor for May.

- Techcon, Inc. ("Techcon"), which is an entity owned by George Parker, occupies approximately 576 square feet of space in the Property (852 Tidewater Drive, Suite A), pursuant to a postpetition *Commercial Lease* dated December 1, 2016, with a term of two years, expiring on November 30, 2018. For the period from December 1, 2016 through November 31, 2018, monthly rent under the Techcon lease is $1,800. Based upon information contained in the Debtor's Monthly Operating Reports, Techcon is not tendering its rent regularly to the Debtor.

Property Valuation

Based upon an Appraisal Report dated December 19, 2016 prepared by Dominion Realty Advisors, Inc., the Property has an estimated "as is" market value of $1,830,000 as of December 16, 2016. A copy of the Appraisal Report is available upon written request to SummitBridge's undersigned counsel. Based upon assumptions contained in the Appraisal Report, there is an expectation that the improved occupancy of the Property would have a positive impact on its estimated fair market value. There is no dispute that there is equity in the Property over and above the value of the liens which encumber it.

THE PLAN

The Plan has been provided to all creditors known to the Debtor. The Plan should be read carefully and independently of this disclosure statement.

The following analysis of the Plan is intended to provide a context for understanding the remainder of this disclosure statement. This section contains only a summary of the Plan. Creditors should read the Plan to determine the exact treatment of claims and means for executing the Plan. In the event of a conflict between this disclosure statement and the Plan, the provisions of the Plan will control.

The Plan is a plan of liquidation. The Plan provides the the Court shall appoint a plan trustee (the "Plan Trustee") who shall be selected and identified by the Plan Proponent upon notice to all interested parties. Except as otherwise noted in the Plan, the Plan Trustee shall have

full, sole, and exclusive authority to operate and sell the Property in accordance with the provisions of this Plan. The authority to operate the Property shall include the authority to negotiate new leases, lease extensions and lease renewals, and to pursue enforcement of existing and new leases, including the collection of unpaid rent. The authority to sell the Property shall include the authority to convey the Property by special warranty deed. The Plan Trustee, in consultation with the Plan Proponent and subject to the Plan Proponent's approval, will retain the services of an auctioneer (the "Auctioneer") and commence the process to have the Property advertised and sold in a commercially reasonable manner at an auction sale (the "Auction Sale"). Any cash on hand will be used to fund the costs of advertising and marketing for the Auction Sale. The Auction Sale shall be conducted pursuant to section 363 of the Bankruptcy Code and all applicable rules of bankruptcy procedure and shall be conditioned upon approval by the Bankruptcy Court upon motion of the Plan Trustee, with notice as may be required by applicable bankruptcy law and rules, including notice to all creditors and to George Parker, as the sole interest holder of the Debtor. Until the Property has been sold, the Property shall be operated in the ordinary course of business. SummitBridge shall be entitled to the rights provided by 11 U.S.C. §363(k) to credit bid its secured claim at the Auction Sale. Any sale of the Property pursuant to the terms of the Plan shall be free from imposition of any tax by any state and/or local authority pursuant to §1146(a) of the Bankruptcy Code.

At the closing of the Auction Sale, the closing agent will be authorized to distribute the proceeds of sale to pay all costs of sale, including the compensation of the Auctioneer, all unpaid postpetition real estate taxes (to the extent not paid from funds on hand with the Debtor), the Allowed Secured Claim of Norfolk (to the extent not otherwise paid on the Effective Date from funds on hand with the Debtor) and the Allowed Secured Claim of SummitBridge. The remaining funds on hand shall be distributed by the closing agent to the Plan Trustee to be held in escrow pending distribution. The Plan Trustee shall be entitled to reimbursement of all out-of-pocket expenses incurred by the Plan Trustee in the performance of his duties under this Plan. In

addition, the Plan Trustee shall be entitled to compensation upon such terms as may be agreed upon between the Plan Trustee and the Plan Proponent and approved by the Court.

Upon Confirmation, all property of the estate shall be vested in the Debtor, subject to the liens of the City of Norfolk and SummitBridge, and shall be subject to the full, sole, and exclusive authority of the Plan Trustee. After the Confirmation Date, the holders of Allowed Secured Claims shall retain their liens and security interests on the Property to the same nature and extent as existed prior to the Confirmation Date. Upon the closing of the Auction Sale of the Property and payment of all Allowed Secured Claims in accordance with Article III of the Plan, the holders of Allowed Secured Claims will execute any document necessary to release their liens and security interest in the Property. Regardless of any voluntary release of liens, any transfer of the Property pursuant to the terms of this Plan shall be deemed free and clear of all liens, claims, and interests, with all such liens, claims, and interests to attach to the proceeds of sale.

Creditor Claims and Treatment

Generally. The categories of Claims and Interests listed below classify Allowed Claims and Allowed Interests for all purposes, including voting, confirmation, and distribution pursuant to the Plan. As described below, there are no Priority Claims or Unsecured Claims in this case. The only claims in this case are the Secured Claims of SummitBridge and the Treasurer of the City of Norfolk, which are classified in Classes 1 and 2, below. Holders of Claims in Class 1 and Class 2 are impaired within the meaning of Section 1124 of the Bankruptcy Code, and accordingly are entitled to vote on the Plan. There is only one class of Interests, which is classified in Class 3, below; George Parker is the only Interest Holder in this case. Holders of Interests in Class 3 are not impaired and are not entitled to vote on the Plan.

Class	*Description*	*Status*
Class 1	Allowed Secured Claims of SummitBridge National Investments III LLC	Impaired
Class 2	Allowed Secured Claim of the Treasurer of	Impaired

	the City of Norfolk	
Class 3	Allowed Interests	Unimpaired

Secured Claims. The only creditors in this case are the City of Norfolk and SummitBridge. Both creditors are secured by liens in the Property. Additionally, SummitBridge is secured by an assignment of the leases associated with the Property. As noted above, the City of Norfolk has filed a proof of claim in the amount of $40,412.63. SummitBridge has filed its own proof of claim in the amount of $1,345,434.20, but with the receipt of adequate protection payments and the accrual of Default Rate interest, the claim has a balance of $1,438,574.73, as described hereinabove. Based upon the Appraisal Report dated December 19, 2016 prepared by Dominion Realty Advisors, Inc., the Property has substantial equity which is expected to pay the City of Norfolk and SummitBridge in full. Both claims will be paid at closing on any sale of the Property.

Unsecured Claims.

- Administrative Claims. Since the filing of this Chapter 11 case, the Debtor has incurred legal fees to its counsel, The McCreedy Law Group, PLLC. Based upon the Disclosures filed in this case, the Debtor has paid its counsel a retainer of $11,000, which includes the $1,717 filing fee. No fee applications have been filed by counsel as of the date of this Disclosure Statement. The Plan Proponent is not aware of any other administrative claimants in this case. Administrative claims shall be paid in cash on the Effective Date of the Plan, or upon such other terms as may be agreed upon between such holder and the Plan Proponent or upon order of the Bankruptcy Court; provided, however, that Allowed Administrative Expense Claims representing obligations incurred in the ordinary course of business will be paid or performed by the Plan Proponent when due in accordance with the terms and conditions of the particular agreements governing such obligations.

- Priority Tax Claims. The Plan Proponent is not aware of any priority tax claims.

- Other Priority Claims. The Plan Proponent is not aware of any other priority claims.

- General Unsecured Claims. There are no unsecured claims in this case, other than unsecured claims that might arise in the unlikely event of a deficiency in payment of SummitBridge's secured claim.

- Interest Holders. There is only one interest holder in this case, George Parker, the sole member of the Debtor. Because the Plan Proponent anticipates that total allowed claims are exceeded by the value of the Property, the only interest holder of the Debtor will retain his interest, unaltered by the Plan.

Executory Contracts and Unexpired Leases

There are no executory contracts other than unexpired leases. The Plan contemplates that (i) certain pre-petition unexpired leases will be assumed at Confirmation and assigned to the purchaser at the Auction Sale of the Property, and (ii) certain post-petition leases will be assigned to the purchaser at the Auction Sale of the Property. Any unexpired leases not assumed under the Plan will be rejected at confirmation.

Tax Analysis of Plan

The Plan Proponent has not conducted a tax analysis of the Plan. The Plan Proponent has been advised that the Property has been depreciated. Consequently, sale of the Property may result in a taxable gain. However, the Debtor is a "pass-through" entity, meaning that any tax liability is passed through to and paid by the owner. Consequently, the Plan Proponent believe the Plan does not create any adverse tax consequences for the Debtor.

Post-Confirmation Business Operations.

The Plan is a plan of liquidation. The Plan Trustee will continue to operate the Property in the ordinary course following confirmation of the Plan until the Property is sold.

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The foregoing summary is not intended to serve as a substitute for the Plan. All creditors and parties in interest are urged to carefully review the Plan.

CONSIDERATIONS IN VOTING ON THE CHAPTER 11 PLAN

General Requirements

In a chapter 11 case, the debtor is the only possible proponent of a plan of reorganization during the initial 120 days of the proceedings unless certain special conditions not present in this case (appointment of a trustee or reduction of the 120 day period) are met. After the 120 day period (unless the Bankruptcy Court extends it), any party in interest may propose a plan of reorganization. If a plan has been filed by the debtor within such 120 day period, no other plan may be submitted to creditors until additional time has expired without acceptance of that plan. In this case, the Debtor's period of exclusivity has expired and the Debtor has not filed a plan.

Section 1129(c) of the Bankruptcy Code provides that the Bankruptcy Court can confirm only one plan of reorganization. Before any plan can be confirmed it must meet all of the conditions precedent set forth in Section 1129(a) of the Bankruptcy Code, including: (i) receipt of liquidation value under the plan, (ii) feasibility of the plan, and (iii) acceptance of the plan.

- Receipt of Liquidation Value. Section 1129(a)(7) of the Bankruptcy Code provides that a plan cannot be confirmed unless each holder of a claim or interest in a class accepts the plan or receives or retains on account of such claim or interest property of a value not less than the amount the holder of the claim or interest would receive in a liquidation under Chapter 7. The Plan Proponent believes that each holder of a claim or an interest will receive or retain under the Plan value at least equal to the value which the holder of such claim or interest would receive in a liquidation under Chapter 7. *See* Alternatives to Plan—Liquidation Analysis.

- Feasibility. Section 1129(a)(11) of the Bankruptcy Code provides that a plan cannot be confirmed unless it is determined that confirmation of the plan is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor or any successor to the debtor under the plan. The Plan Proponent believes the Plan meets this "feasibility" standard since there are no known obstacles to the execution of the Plan as it is a liquidating plan of reorganization.

- Acceptance. Section 1129(a)(8) of the Bankruptcy Code provides that each class of claims or interests must accept a plan or be unimpaired under the plan (unless the "cram-down" provisions of Section 1129(b) of the Bankruptcy Code are invoked) before a plan can be confirmed. Under the Plan, two of the three established Classes are impaired and therefore entitled to vote upon acceptance or rejection.

  - *Allowed Claims.* Each Class of Claims will have accepted the Plan if acceptances are submitted, by ballot or in person, by the holders of Allowed Claims representing at least 66 2/3% of the amount, and in excess of 50% in number, of Allowed Claims in such Class. Only ballots which have been submitted either accepting or rejecting the Plan under the voting procedures specified herein and in the accompanying ballot will be counted for purposes of the percentages in the preceding sentence.

  - *Allowed Interests.* The only Class of Interest in this case is unimpaired, as the sole interest holder will retain his interest in the Debtor following confirmation. This Class will be deemed to accept the Plan.

- Confirmation Without Acceptance By All Impaired Classes. The Bankruptcy Code contains provisions for confirmation of a plan 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 "cram-down" provisions of the Bankruptcy Code are set forth in Section 1129(b) of the Bankruptcy Code. A plan may be confirmed under the cram-down provisions if, in addition to satisfying the usual requirements of Section 1129 of the Bankruptcy Code, it (i) "does not discriminate unfairly," and (ii) is "fair and equitable", with respect to each class of claims or interests that is impaired under, and has not accepted, the plan. As used by the Bankruptcy Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law. The requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated comparably with respect to other classes of equal rank. The Plan Proponent believes that the Plan does not "discriminate unfairly" with respect to any class of claims or interests because no class is afforded treatment which is disproportionate

to the treatment afforded other classes of equal rank. The "fair and equitable" standard has been interpreted to incorporate the "absolute priority rule" and requires that a dissenting class receive full compensation for its allowed claims or interests before any junior class receives or retains any property. If the holders of Claims in any impaired Class vote to reject the Plan, or, in the case of those Classes of Claims and Interests who are deemed not to have accepted the Plan under Bankruptcy Code Section 1126(b), the Plan may be confirmed under Section 1129(b) of the Bankruptcy Code if holders of all Claims and Interests junior to those of the dissenting impaired Class do not receive or retain any property under the Plan.

Special Considerations

While the Plan provides for certain payments at confirmation, such payments will only apply to allowed claims, including claims arising from defaults. Under the Bankruptcy Code, a claim may not be paid until it is allowed. A claim will be allowed in the absence of objection, which may be made at any time prior to payment under the Plan. A claim, including a claim arising from default, which has been or in the future is objected to, will be heard by the court at a regular evidentiary hearing and allowed in full or in part or disallowed. In addition, a claimant against which an avoidance action is commenced will not be paid until the avoidance action is resolved. Accordingly, payment on some claims, including claims arising from defaults, may be delayed until objections and avoidance actions are resolved.

Certain risks inherent in the economy prevent the Plan Proponent from assuring that the Plan will achieve performance expectations.

ALTERNATIVES TO THE PLAN

Although the disclosure statement is intended to provide information to assist in the formation of a judgment as to whether to vote for or against the Plan, and although creditors are not being offered through that vote an opportunity to express an opinion concerning alternatives to the Plan, a brief discussion of alternatives to the Plan may be useful. These alternatives include continuation of the chapter 11 case, conversion to liquidation bankruptcy, or dismissal of the case. The Plan Proponent, of course, believes the proposed Plan to be in the best interests of

creditors and the Debtor. Thus, the Plan Proponent does not favor any alternative to the proposed Plan. In addition, the Debtor may elect to file a competing plan. Nonetheless, the Debtor is unable to obtain confirmation of any plan over the objection by or a negative vote of the Plan Proponent, because there are no other creditors in these cases entitled to vote on a competing plan.

The Plan Proponent has attempted to set forth alternatives to the proposed Plan. However, the Plan Proponent must caution creditors that a vote must be for or against the Plan. The vote on the Plan does not include a vote on alternatives to the Plan. There is no assurance what turn the proceedings will take if the Plan is not accepted. If you believe one of the alternatives referred to is preferable to the Plan and you wish to urge it upon the court, you should consult counsel.

CONCLUSION

The materials provided in this disclosure statement are intended to assist you in voting on the Plan in an informed fashion. Since you will be bound by the Plan's terms if the Plan is confirmed, you are urged to review this material and make such further inquiries as you may deem appropriate and then cast an informed vote on the Plan.

[Counsel signatures on next page]

Dated: June 16, 2017

Respectfully submitted,
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By Counsel

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