

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:	§	Chapter 11
	§	
EVANGELICAL RETIREMENT	§	Case No. 23-07541
HOMES OF GREATER CHICAGO,	§	
INCORPORATED d/b/a FRIENDSHIP	§	
VILLAGE OF SCHAUMBURG,	§	
	§	
FEIN: 36-2815382,	§	
	§	
Debtor.	§	Hon. Timothy A. Barnes

**FIRST AMENDED DISCLOSURE STATEMENT WITH
RESPECT TO DEBTOR'S FIRST AMENDED CHAPTER
11 PLAN OF LIQUIDATION, DATED NOVEMBER 14, 2023**

Dated: November 14, 2023

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THE DEBTOR SUPPORTS THE CONFIRMATION OF THE PLAN AND RECOMMENDS THAT ALL HOLDERS OF CLAIMS AND INTERESTS WHOSE VOTES ARE BEING SOLICITED ACCEPT THE PLAN.

EXHIBITS

1. Debtor's First Amended Chapter 11 Plan of Liquidation, Dated November 14, 2023
2. Liquidation Analysis

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I. EXECUTIVE SUMMARY

This Executive Summary provides a general overview of this disclosure statement (as may be amended, supplemented, or otherwise modified from time to time, the “**Disclosure Statement**”) and the material terms of, and the transaction proposed by, the *Debtor’s First Amended Chapter 11 Plan of Liquidation, dated November 14, 2023* [Docket No. 336] (as may be amended, supplemented, or otherwise modified from time to time, the “**Plan**”), which Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg (“**FVS**” or the “**Debtor**”) will seek to have confirmed by the Bankruptcy Court for the Northern District of Illinois (the “**Bankruptcy Court**”) pursuant to Bankruptcy Code section 1129. A copy of the Plan is attached hereto as Exhibit 1. The Debtor urges all parties to read this Executive Summary in conjunction with the remainder of this Disclosure Statement and the Plan. The rules of interpretation set forth in Section 1 of the Plan shall govern the interpretation of this Disclosure Statement.

A copy of the Plan and this Disclosure Statement and all other filed documents related to the Chapter 11 Case are available for free on the Case Website at <https://cases.stretto.com/FVS/>.

A. Introduction¹

The Debtor is a private Illinois not-for-profit corporation that owns and operates a continuing care retirement community (“**CCRC**”) in Schaumburg, Illinois. The community (the “**Community**”), which is the largest CCRC in Illinois, is known as Friendship Village of Schaumburg and is currently home to approximately 600 residents.

As discussed in greater detail below, prior to the Petition Date, the Debtor experienced liquidity constraints due to several factors. In addition to depressed occupancy rates, due to the impact of COVID-19, the Debtor’s revenues were insufficient to reasonably sustain the Debtor’s debt. As a result, with the consent of the Bond Trustee, the Debtor attempted to accomplish a transaction outside of bankruptcy, ultimately engaging in a marketing and sale process. After months of negotiating with a potential purchaser, negotiations ceased, leaving the Debtor with no other option than to seek protection under chapter 11 of the Bankruptcy Code.

B. Proposed Sale Transaction

In compliance with Local Bankruptcy Rule 3016-1, the Debtor submits this summary of the Plan, which is further summarized below:

The Plan is a liquidating Chapter 11 plan that contemplates the sale of substantially all the Debtor’s Assets to the Purchaser, free and clear of all Liens, Claims, encumbrances, or interests. The sale process, which was approved by the Bid Procedures Order, resulted in the Stalking Horse Bid, with a cash purchase price of approximately \$33,000,000 with additional future financial and other commitments to Participating Current Residents (who consent to the modification of their Residency Agreements to be assumed and assigned to the Purchaser). As required by the Bid

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan, unless otherwise provided.

Procedures Order, on September 15, 2023, the Debtor provided notice of the Stalking Horse Bid that was subject to higher and better bids to be received by the Overbid Deadline of October 16, 2023. An Auction was conducted at the offices of Polsinelli PC on October 20, 2023 and such auction, which was adjourned, ultimately closed on October 24, 2023 after the Debtor announced IL CCRC LLC as the winning bidder (the “**Winning Bidder**”). The proposed transaction, reflected in the form of asset purchase agreement filed on October 26, 2023, provides the Debtor and its estate with more than \$35.5 million in cash consideration, not including payment of accrued paid time off obligations in the amount of approximately \$626,000 and \$2 million to former residents. The Sale Hearing to consider approval of the sale to the Winning Bidder was conducted on November 8, 2023, and, following the hearing, the Court approved the sale transaction and ordered the Debtor to submit a revised form of sale order, which was entered on [---], 2023 [Docket No. --] (the “**Sale Order**”).

Upon the Sale Closing, all Net Sale Proceeds therefrom, after payments required under the Plan to pay any unpaid Allowed Administrative Expense Claims, Priority Tax Claims, Professional Fee Claims, DIP Facility Claims, and U.S. Trustee Fees, shall be paid to the Estate to be distributed as set forth in the Plan. Additionally, the Debtor is marketing real estate, the Huntley Property, as described more fully herein. Any net sale proceeds from a successful sale of this property will be distributed to holders of Allowed Claims pursuant to the Plan in accordance with the Bankruptcy Code.

Additionally, the Debtor is marketing real estate, the Huntley Property, as described more fully herein. The net sale proceeds from the sale of this property shall be distributed to creditors pursuant to the Plan in accordance with the Bankruptcy Code.

The only classified claimants who may recover any Plan Distributions are holders of Class 1, 2, 3, and Class 5A Claims. Thus, any net sale proceeds available following the sales of the Debtors’ assets shall be distributed to secured creditors, in accordance with their senior secured status vis a vis one another, on account of Allowed Class 1, 2, and 3 claims; *provided, however*, that the Debtor is unaware of any Class 1 Claims that may be Allowed and, therefore, estimates that no payment will be made to any holder of a Class 1 Allowed Claim.

C. Entrance Fee Escrow

As of the date hereof, the Entrance Fee Escrow, which is maintained by the Debtor for the benefit of certain residents, holds approximately \$5,300,000 in funds anticipated to be disbursed on the Effective Date or as reasonably practicable thereafter.

As soon as practicable following the Sale Closing, the Plan Administrator will cause the Escrow Agent to disburse the funds from the Entrance Fee Escrow in the following order of priority: (i) first, returning deposits and Entrance Fees to Residents irrespective of whether such Resident elects to continue to reside at the Community; and (ii) second, to the Debtor and/or the Plan Administrator to constitute Cash on hand available to make certain transactions required on or about the Effective Date.

D. Purpose of this Disclosure Statement

The Debtor has prepared this Disclosure Statement as required by Bankruptcy Code section 1125 and Bankruptcy Rule 3016(c). It is being distributed to assist holders of Claims and Interests in evaluating the feasibility of the Plan, the manner in which Claims and Interests will be treated under the Plan, and whether the Plan satisfies the requirements for Confirmation set forth under Bankruptcy Code section 1129. The purpose of this Disclosure Statement is to assist those entitled to vote on the Plan to make an informed judgment when choosing whether to accept or reject the Plan.

This Disclosure Statement describes the background of the Debtor and the significant events leading up to the filing of the Chapter 11 Case on the Petition Date. It also summarizes the Plan, which divides Claims and Interests into Classes and provides for the treatment of Allowed Claims and Interests.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A DETERMINATION WITH RESPECT TO THE MERITS OF THE PLAN. ALL CREDITORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE TO ACCEPT OR REJECT THE PLAN.

The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. To the extent that the information provided in this Disclosure Statement and the Plan (including any Plan Supplements) conflict, the terms of the Plan (including any Plan Supplements) will control.

E. The Chapter 11 Plan of Liquidation

(1) Purpose and Effect of the Plan

Chapter 11 of the Bankruptcy Code allows debtors to reorganize or liquidate and wind up their affairs for the benefit of debtors and their creditors. Upon the commencement of a Chapter 11 case, an estate is created comprised of all the legal and equitable interests of a debtor as of the date the petition is filed, which typically remain in control of the debtor as a debtor-in-possession.

Pursuant to Bankruptcy Code section 362, the filing of a bankruptcy petition imposes an automatic stay of all attempts by creditors or third parties to collect or enforce prepetition claims against a debtor or otherwise interfere with its property or business, unless relief from the automatic stay is obtained from the bankruptcy court.

The Bankruptcy Code is designed to encourage the parties-in-interest in a Chapter 11 proceeding to negotiate the terms of a chapter 11 plan so that it may be confirmed. A Chapter 11 plan is the vehicle for satisfying or otherwise addressing the claims against and the interests in the debtor. Confirmation of a Chapter 11 plan makes it binding on a debtor and all of its creditors and the prior obligations owed by the debtor to such parties are compromised in exchange for the obligations specified in the plan.

(2) Feasibility of the Plan

Pursuant to Bankruptcy Code section 1129(a)(11), among other things, the Bankruptcy Court must determine that Confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtor or any successors to the Debtor under the Plan. This condition is often referred to as the “feasibility” of the Plan. The Debtor believes the Plan satisfies this requirement, to the extent the standard applies to a Chapter 11 plan of liquidation.

Here, the Plan provides for the liquidation and distribution of all the Debtor’s Assets. Accordingly, all Chapter 11 plan obligations will be satisfied without the need for further reorganization of the Debtor.

(3) Best Interests of Creditors

Bankruptcy Code section 1129 requires, as a condition to confirmation of a Chapter 11 plan, that each holder of impaired claims or interests receive property with a value not less than the amount such holder(s) would receive in a liquidation carried out under chapter 7 of the Bankruptcy Code. The Debtor believes the Plan satisfies this standard because, among other things, the recoveries expected to be available to Holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation scenario.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor’s assets and to make distributions to creditors in accordance with the priorities established by the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors’ claims from their collateral, administrative expenses are next to be paid. Unsecured creditors are paid from any remaining liquidation proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, interest holders receive the balance that remains, if any, after all creditors are paid in full.

[Substantially all the Debtor’s Assets have already been approved to be sold to the Winning Bidder under the Sale Order.] Although a liquidation under chapter 7 of the Bankruptcy Code would have the same goal, the Plan provides the best source of recovery for several reasons. First, liquidation under chapter 7 of the Bankruptcy Code would not provide for a timely distribution (and likely no distribution at all) for certain creditors. Second, distributions would likely be smaller because of reduced sale proceeds through a subsequent non-going concern sale and increased fees and expenses incurred in a liquidation under chapter 7 of the Bankruptcy Code.

At this time, there are no alternative plans available to the Debtor. Upon the occurrence of the Sale Closing, the Debtor will no longer be a going concern enterprise and will have few assets remaining, if any.² Therefore, the Debtor believes that the Plan provides the greatest possible value

² Such assets may include, without limitation, the Huntley Property, Cash, Cash Collateral, Accounts Receivable, and Medicare and/or Medicaid collections.

to all stakeholders under the circumstances and has the greatest chance to be confirmed and consummated.

(4) Analysis of Recoveries to Holders of Claims and Interests under the Plan and Recommendation of the Debtor

After a careful review of current operations and liquidity, prospects as an ongoing business, and estimated recoveries to creditors in an alternative reorganization scenario, the Debtor concluded that it will maximize recoveries to its stakeholders through the Plan, which includes the proposed Sale Transaction. The Debtor believes that the Debtor's business and Assets have significant value that will be best realized through the Sale Closing and Confirmation of the Plan. As set forth more fully below, the Debtor believes the Plan provides the best recoveries possible for the Debtor's stakeholders and the Debtor recommends that, if you are entitled to vote, you vote to accept the Plan.

(5) Classification and Treatment of Claims and Interests Under the Plan

Section 3 of the Plan describes the Classes of Claims and Interests and their treatment under the Plan, which is also summarized herein. Allowed Claims (other than Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims, DIP Facility Claims, and U.S. Trustee Fees) are placed in the following Classes and will receive the following treatment under the Plan:

Summary of Classification and Treatment of Claims Under the Plan

Class	Estimated Allowed Claims³	Treatment & Voting Rights	Estimated Recovery⁴
Class 1 – Other Priority Claims	\$410,000.00	Unimpaired, deemed to accept	100%
Class 2 – Bond Claims	\$131,600,000.00	Impaired, entitled to vote	23.3%
Class 3 – Other Secured Claims	\$85,000.00 ⁵	Unimpaired, deemed to accept	100%

³ These amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in Proofs of Claim or otherwise. The Debtor has not completed its review and analysis of all Claims in the Chapter 11 Case, and objections to such Claims have not been Filed and/or fully litigated and may continue following the Effective Date. Therefore, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated.

⁴ The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Case. As set forth above, the actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are Allowed by the Bankruptcy Court.

⁵ The estimated amount of the Class 3 Claim held by LEAF Capital Funding, LLC assumes that the value of the collateral is \$85,000, but the Debtor reserves the right to dispute the amount of this Other Secured Claim.

Class	Estimated Allowed Claims ³	Treatment & Voting Rights	Estimated Recovery ⁴
Class 4 – Deficiency Claims	TBD ⁶	Impaired, deemed to reject	0%
Class 5A – Participating Current Resident Claims	\$77,074,000.00 ⁷	Impaired, entitled to vote	56.0% ⁸
Class 5B – Non-Participating Current Resident Claims ⁹	\$0.00	Impaired, entitled to vote	0.00%
Class 6 – Former Residents Claims	\$20,000,000.00	Impaired, deemed to reject	10.0% ¹⁰
Class 7 – General Unsecured Claims	\$4,002,000.00	Impaired, deemed to reject	0.00% ¹¹
Class 8 – Intercompany Claims	\$215,355.00	Impaired, not entitled to vote	0.00%
Class 9 – Interests in Debtor	N/A	Impaired, not entitled to vote	0.00%

(6) Summary of Voting Requirements for Plan Confirmation

(a) In General

Under the Bankruptcy Code, only holders of Claims that are “impaired” are entitled to vote to accept or reject the Plan. Under Bankruptcy Code section 1124, a class of claims or interests is deemed to be “impaired” unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof; or (2) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan, among other things, cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default. An Impaired class

⁶ The Deficiency Claims will be determined by the amount of Net Sale Proceeds available for Distribution to Class 2 and Class 3 Claims, each of which are undersecured Claims.

⁷ This assumes that 100% of Holders of Current Resident Claims will enter into modified Residency Agreements and vote to accept the Plan.

⁸ The estimated percentage recovery is based upon Current Resident Claims that are eligible to participate in the Current Resident Entrance Fee Program and the estimated future recovery associated with their modified Residency Agreements. It is an estimate based on life expectancies, among other factors.

⁹ For purposes of this Disclosure Statement, the Debtor assumes that all Holders of Current Resident Claims will participate by entering into a modified Residency Agreement, which shall be distributed in the Solicitation Packages and attached to Ballots.

¹⁰ The proposed Sale Transaction, which is the primary means for implementation of the Plan, provides for \$2 million to be held in escrow or trust for the benefit of Holders of Class 6 Former Resident Claims. The Plan Administrator will cause the Former Resident Proceeds Fund to be distributed Pro Rata to such Holders.

¹¹ Class 7 General Unsecured Claims will include any Rejection Claims that arise as a result of a Holder of a Current Resident Claim electing not to consent to be bound by the terms of a modified Residency Agreement and, thus, causing their Residency Agreement to be rejected.

of creditors votes to accept a plan if the holders of at least two-thirds (2/3) in dollar amount, and more than one-half (1/2) in number, of those creditors that actually cast ballots vote to accept such plan. See 11 U.S.C. § 1124. Classes that are not impaired are not entitled to vote and are deemed to accept a plan. Classes that are not entitled to a distribution and will not retain property under a plan are deemed to reject a plan.

A class of interest holders is deemed to accept a plan if the holders of at least two-thirds (2/3) in amount of those interest holders that actually cast ballots vote to accept such plan. A class of interest holders is Impaired, not entitled to vote, and deemed to reject the plan if the plan treats such holders by providing that they will retain no property and receive no Distributions under the plan. Pursuant to the Bankruptcy Code, only holders of Claims and Interests who actually vote on the Plan will be counted for purposes of determining whether the required number of acceptances have been obtained. Failure to deliver a properly completed ballot (“**Ballot**”) to the Voting Agent by the Voting Deadline will result in an abstention, which means such vote will not be counted.

(b) Classes Entitled to Vote

The Holders of Claims in Classes 2, 5A, and 5B are Impaired under the Plan and entitled to vote to accept or reject the Plan. Holders of Claims and Interests in Class 8 are not entitled to vote to accept or reject the Plan, as such Holders are insiders and/or deemed to accept or reject the Plan, as applicable. See 11 U.S.C. 1126(g).

(c) Classes Deemed to Accept the Plan

The Holders of Claims in Classes 1 and 3 are Unimpaired under the Plan and, thus, such holders are deemed to accept the Plan.

(d) Classes Deemed to Reject the Plan

The Holders of Interests in Class 9 are Impaired and deemed to reject the Plan as Interests in the Debtor shall be terminated on the Effective Date. The Holders of Claims in Classes 4, 6, 7, and 8 are entitled to no Distributions under the Plan and, thus, are deemed to reject the Plan.

(e) Voting Deadline

The Voting Agent will assist the Debtor with the transmission of the Solicitation Materials (as defined herein) and the tabulation of votes with respect to the Plan. Holders of Claims classified in Voting Classes (as defined herein) will have the right to vote to accept or reject the Plan. To be counted, votes must be submitted in accordance with the voting instructions, which require such votes to be made in writing prior to [January 10], 2024 at 4:00 p.m. (Central Time) (the “**Voting Deadline**”). The record date for determining which holders may vote on the Plan is November 22, 2023 (the “**Voting Record Date**”).

(f) Voting Instructions

Bankruptcy Code section 1126(c) defines “acceptance” of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims in that class, counting only those claims that

actually vote to accept or to reject such plan. See 11 U.S.C. § 1126(c). As stated above, to be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed, and timely delivered by the Voting Deadline. Holders of Claims in Voting Classes will receive a Ballot with instructions for submitting the Ballot.

Most holders of Claims related to the Bonds will submit votes by completing a Ballot and returning it to their specified bank, broker, nominee or other intermediary (a “**Nominee**”). Each Nominee may provide specific instructions to beneficial holders of Bond Claims related with respect to how to complete and submit a Ballot. Such holders will be instructed to return their Ballot to the Nominee to enable the Nominee to complete and submit a master Ballot to the Voting Agent so that it is received by the Voting Deadline. Beneficial holders of Claims related to the Bonds should carefully follow the instructions that accompany their Ballot to ensure that it is properly received by the Nominee with sufficient time for the Nominee to complete a master Ballot that can be delivered to the Voting Agent by the Voting Deadline. Voting instructions are more fully described in the Ballots.

The Debtor may accept (a) Ballots from voters via first class mail, overnight courier, and hand delivery, or, except for Ballots of holders of Bond Claims (“**Bondholder Ballots**”), via electronic transmissions, solely through an online balloting portal to be maintained by the Voting Agent (“**E-Ballot**”); and (b) Bondholder Ballots, including Master Ballots submitted by Nominees, on behalf of beneficial holders, via e-mail to FVSsecuritiesvote@Stretto.com. Parties, other than parties submitting Bondholder Ballots, may cast an E-Ballot solely through an online balloting portal on the Case Website located at <https://cases.stretto.com/FVS>, and electronically sign and submit the Ballot. Instructions for electronic, online transmission of Ballots are set forth on the Ballot. The encrypted ballot data and audit trail created by such electronic submission shall become part of the record of any Ballot submitted in this manner and the creditor’s electronic signature will be deemed to be immediately legally valid and effective.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, revocation, or withdrawal of Ballots will be determined by the Debtor in its sole discretion, and such determination will be final and binding unless otherwise ordered by the Bankruptcy Court. Once a party delivers a valid Ballot for the acceptance or rejection of the Plan, such party may not withdraw or revoke such acceptance or rejection without the Debtor’s written consent or an order of the Bankruptcy Court. The Debtor also reserves the right to reject any and all Ballots not in proper form, if the acceptance of which would, in the opinion of the Debtor with the advice of its counsel, be unlawful.

The Debtor further reserves the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions therein) by the Debtor, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtor (or the Bankruptcy Court) determines. Neither the Debtor nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities are

cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

If a holder of a Claim casts more than one (1) Ballot with respect to the same Claim prior to the Voting Deadline, the last valid Ballot timely received shall be deemed to reflect the voter's intent and shall supersede and revoke any earlier received Ballot. If a holder of a Claim simultaneously casts inconsistent duplicate Ballots with respect to the same Claim, such Ballots shall not be counted.

(g) Additional Information

If you hold one or more Claims in a Voting Class and have any questions about (i) the procedure for voting with respect to your Claim, (ii) the Solicitation Materials, or (iii) obtaining or replacing a Ballot, the Plan, this Disclosure Statement, or any exhibits to such documents, please contact the Voting Agent by (a) calling (855) 886-6266 (toll-free) or (949) 784-0581 (international); (b) writing to FVS Ballot Processing, c/o Stretto, 410 Exchange, Suite 100, Irvine, CA 92602; or (c) emailing at TeamFVS@stretto.com with a reference to "FVS" in the subject line.

(7) The Confirmation Hearing

On October 18, 2023, the Debtor filed a motion to approve the Debtor's Disclosure Statement, wherein the Debtor requested, among other things, that the Bankruptcy Court schedule a hearing to consider confirmation of the Plan (the "**Confirmation Hearing**") on January 17, 2024 and approve the proposed form of notice of such Confirmation Hearing ("**Confirmation Hearing Notice**"). Following a hearing to consider such requests and subject to the Bankruptcy Court's approval, the Debtor will provide the Confirmation Hearing Notice to all necessary parties in accordance with applicable law.

The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on any master service list ordered by the Bankruptcy Court and any entities which filed objections to the Plan, without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

(8) Effect of Confirmation and Consummation of the Plan

Following Confirmation, subject to the occurrences of certain conditions precedent set forth under Section 10 of the Plan, the Plan will be consummated on the Effective Date. Among other things, on the Effective Date, certain release, injunction, exculpation and discharge provisions set forth in Section 9 of the Plan will become effective and will bind any parties that do not affirmatively elect to opt out. As such, **it is important to read the provisions contained in Section 9 of the Plan very carefully so that you understand how confirmation and consummation of the Plan will affect you and any Claim you may hold against the Debtor.** Regardless of whether you are entitled to vote to accept the Plan, you will receive an Opt Out Form and if you do not wish to be a "Releasing Party" as defined in the Plan and/or you do not wish to

be bound by the releases, injunctions, and exculpation provisions under Section 9 of the Plan, you must affirmatively elect to opt out of these provisions by timely submitting an Opt Out Form.

F. Solicitation Procedures

Only Holders in Classes 2, 5A, and 5B (the “**Voting Classes**”) are entitled to vote on the Plan. Accordingly, Holders in Voting Classes will receive a solicitation package that will include the following materials (collectively, the “**Solicitation Materials**”):

- a Ballot, which will include the voting instructions, a form of modified Residency Agreement (if you are in Class 5), and a postage-prepaid return envelope (with the exception that Solicitation Packages provided to Nominees will not include postage-prepaid return envelopes);
- a copy of this Disclosure Statement with all exhibits, including the Plan, and any other supplements or amendments to these documents, and the Disclosure Statement Order, excluding exhibits;
- the Confirmation Hearing Notice; and
- such other materials as the Court may direct.

In lieu of the foregoing Solicitation Materials, the Debtor will distribute the following forms and notices, subject to Bankruptcy Court approval, to holders of Claims that are not in Voting Classes:

- a notice of non-voting status;
- a form permitting holders to opt out of third-party releases and other provisions set forth under Section 9 of the Plan; and
- the Confirmation Hearing Notice.

II. BACKGROUND INFORMATION

A. Overview of the Debtor’s Business

The Debtor, a private Illinois not-for-profit corporation, owns and operates a CCRC in Schaumburg, Illinois. The Community, which is the largest CCRC in Illinois, is known as Friendship Village of Schaumburg and is currently home to approximately 600 residents. The Community offers its residents a continuum of care in a campus-style setting, providing living accommodations and related healthcare and support services to persons aged 62 or older. The Community is situated on more than 60 acres and, as of the Petition Date, is comprised of 537 independent living apartments, 84 assisted living units, 169 nursing care units, and 25 memory care units. The Community also contains a community center, health center, dining rooms and lounges, library, indoor pool, performing arts theater, and other common spaces.

As is common practice in the CCRC industry, the Debtor primarily receives revenue from Entrance Fees and monthly service fees under Residency Agreements. Before a prospective Resident moves into the Community, they must execute a Residency Agreement. As of the Petition Date, several types of Residency Agreements had been offered by the Debtor over the years. Each plan differs in the required Entrance Fee deposit, monthly service fees, and the amount of the Entrance Fee to be refunded, if any. As described more fully below, when the Debtor began to experience financial distress, it implemented an arrangement that is commonly used by distressed CCRCs, whereby prospective residents were offered the opportunity to move into the Community pursuant to an Option Agreement that allows Option Deposits to be securely placed with the Escrow Agent until the resident elects to either move out of the Community and receive the full amount of the Option Deposit or remain as a resident at the Community and have the Option Deposit converted to an Entrance Fee. This program is designed to encourage sales and improve occupancy, notwithstanding the Community's financial distress, while maintaining optionality for residents.

B. The Debtor's Organizational Structure

(1) Corporate Governance

The Debtor is governed by the Board and managed by the sole member of the Debtor, Friendship Senior Options, NFP ("**FSO**"), an Illinois not-for-profit corporation chartered under the laws of Illinois, a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**IRC**").

(2) Management by FSO

Pursuant to the Management Agreement, FSO serves as the exclusive manager of the day-to-day operations of FVS. The categories of services that FSO provides to the FVS include: (i) corporate management; (ii) personnel lease; (iii) financial; (iv) human resources; (v) information technology; (vi) marketing; (vii) risk management; (viii) equipment and supplies; (ix) third party and resident billing and collection services; (x) contract negotiations; and (xi) licenses, permits, certifications and accreditations. In exchange for these services, FVS reimburses certain costs incurred by FSO in providing goods and management services to FVS and pays a management fee as set forth in the Management Agreement. During the Chapter 11 Case, as of the date hereof, FVS has only remitted pass-through expense reimbursement for goods and services actually provided by FSO and has otherwise not paid FSO any management fees.

(3) CCRC Regulators

The CCRC industry nationwide is regulated by various state and federal agencies. Each state has a different regulatory scheme governing CCRCs. As a Medicare-certified CCRC operating in the State of Illinois, the Debtor is regulated by, among others, the Illinois Department of Public Health.

C. Prepetition Capital Structure

As of the Petition Date, on a book value basis, the Debtor had approximately \$99,600,000 in Assets consisting of approximately (i) \$72,000 in Cash and cash equivalents, (ii) \$2.2 million

of restricted assets; (iii) \$0.1 million in inventory; (iv) \$0.8 million in prepaid expenses; (v) \$2.2 million in accounts receivable; (vi) \$89.8 million in net fixed assets; (vii) \$4.3 million in long term investments; and (viii) \$0.1 million in receivables from FSO.

As of the Petition Date, the Debtor owed approximately \$131.6 million on account of the bond obligations, \$2.7 million of other secured obligations, and \$94.2 million of unsecured obligations (including contingent amounts owed to Residents).

(1) Bond Obligations

The Debtor's indebtedness under the Master Indenture (as defined below) includes obligations under the Series 2017 Bonds and the Guaranteed Bonds.

The development of the Community was initially financed through the issuance of bonds by Illinois Finance Authority (the "**Issuer**"). In 2017, the Issuer and the Bond Trustee entered into the Bond Trust Indenture (the "**2017 Bond Indenture**"), dated December 1, 2017, pursuant to which the Issuer issued revenue bonds in the aggregate principal amount of \$122,550,000.00 (the "**Series 2017 Bonds**") to (a) refund the outstanding bond debt, (b) pay or reimburse FVS for certain costs of constructing, renovating, remodeling, and equipping the campus, and (c) fund a debt service reserve fund. The Debtor and the Issuer entered into that certain Loan Agreement, dated December 1, 2017, pursuant to which the Issuer agreed to lend the proceeds of the Series 2017 Bonds to the Debtor.

The Series 2017 Bonds are secured by FVS's Direct Note Obligation, Series 2017-2 (Illinois Finance Authority) in the principal amount of \$122,550,000 to be issued pursuant to a Master Trust Indenture, dated as of July 15, 2005 (the "**Original Master Indenture**"), and as supplemented and amended by a Third Supplemental Master Indenture dated December 1, 2017 (the "**Third Supplemental Master Indenture**") and collectively with the Original Master Indenture, the "**Master Indenture**") between the Debtor and Wells Fargo Bank, National Association, as master trustee (the "**Master Trustee**"). The Bond Trustee is entitled to the protection of the covenants, restrictions and other obligations imposed upon FVS by the Master Indenture.

The following additional bonds (collectively, the "**Guaranteed Bonds**") are secured by FVS's Direct Note Obligation, Series 2017 (Illinois Finance Authority): (i) Taxable Bonds, Series 2017A (GreenFields of Geneva Project); (ii) Series 2017B (GreenFields of Geneva Project); and (iii) Series 2017C Bonds (GreenFields of Geneva Project). Prepetition, the Debtor provided a secured guaranty for repayment of the Guaranteed Bonds and the obligations under the Guaranteed Bonds are pari passu with the obligations under the Master Indenture.

As of the Petition Date, the Debtor's indebtedness under the Series 2017 Bonds and the Guaranteed Bonds was approximately \$131,000,000 and secured by the Bond Trustee's lien against primarily all of the Debtor's Assets.

(2) Other Debt

In addition to the secured obligations under the Bonds, the Debtor estimates the following liabilities as of the Petition Date: (i) approximately \$85,000 of debt to one or more other secured

creditors; (ii) approximately \$2,100,000 of unsecured debt due to trade creditors; (iii) approximately \$5,200,000 of triggered, non-Contingent liabilities to former residents; (iv) approximately \$14,800,000 of untriggered, Contingent liabilities to former residents; (v) approximately \$77,800,000 of untriggered, Contingent liabilities to current residents; and (vi) approximately \$215,000 of unsecured debt to FSO.

III. EVENTS LEADING TO THE CHAPTER 11 FILING

The Debtor relies on revenue generated by existing and new residents to, among other things, maintain day-to-day operations, service debt obligations and honor Refund Obligations. However, like other communities and facilities in the senior living industry, especially CCRCs, for years FVS has faced challenges that have threatened its ability to honor long-term debt obligations and maintain stable operations, including optimal occupancy levels.

In March 2020, the World Health Organization declared COVID-19 to be a pandemic. The extent to which COVID-19 has affected all aspects of life for senior citizens cannot be denied or understated, especially because senior citizens are acutely susceptible to its effects. Research shows that as of June 14, 2023, more than 93% of the total deaths caused by COVID-19 were among those aged 50 and older.¹²

The effects of COVID-19 were immediately felt by the Community. In February 2020, the Debtor was meeting its census and operating goals. On March 20, 2020, Governor Pritzker announced a Stay at Home order to help minimize the spread of COVID-19.¹³ The emergency orders and state-wide shut down directly impacted the Community and its operations. Census began to decline, and stress was put on Residents and employees from dealing with the associated state and federal guidelines. Although CCRCs are somewhat better equipped to handle COVID-19 because of the independent nature of the units, including individual kitchens, the social distancing and isolation had a negative impact on the residents. The Debtor incurred significant expenses in responding to the pandemic, including but not limited to a significant increase in staffing costs.

In addition to responding to the direct risks to residents and staff, prospective residents were hesitant to move into the Community due to fears of COVID-19. Moreover, the State of Illinois did not allow any new Residents to be admitted to assisted living, memory care, or nursing home units for a period of time. The marketing efforts, which typically include site visits or onsite events, were significantly limited by state and federal regulations. Despite the best efforts of FVS's marketing team, the number of new move ins dropped precipitously and did not recover by the Petition Date.

As a result of COVID-19's effect on census and the resulting effect on revenue, the Debtor began to face liquidity constraints. By January 2022, the Debtor was unable to make a debt service payment of approximately \$708,642.00, inclusive of interest, due under the 2017 Bond Documents, which payment was partially funded with funds held in reserve funds under the 2017 Bond Documents. On January 5, 2021, the Debtor informed the Bond Trustee that it could no

¹² See <https://www.statista.com/statistics/1191568/reported-deaths-from-covid-by-age-us/>.

¹³ See <https://www.illinois.gov/news/press-release.21326.html>.

longer afford to pay debt service on the Series 2017 Bonds. This discussion ultimately led to the decision to market the Community to accomplish an affiliation or similar transaction whereby a new operator would own and operator the Community.

On March 9, 2022, the Debtor engaged B.C. Ziegler and Company to run a sales and marketing process. Multiple bids were received and the Debtor engaged in negotiations over a period of months with the highest bidder, but the bidder ultimately decided not to go forward with the contemplated transaction and, instead, expressed desire for an asset sale rather than an affiliation. Given this development, the Debtor engaged Grandbridge Real Estate Capital (“**Grandbridge**”) to plan and execute a sale process, and negotiations with the preferred bidder continued for an additional three (3) months before the potential purchaser informed the Debtor it preferred to purchase the Community through a bankruptcy sale and auction. Although steps were taken to accommodate the bidder’s request, on April 17, 2023, the potential purchaser withdrew its bid and terminated negotiation discussions. Left with little runway and no other option, the Debtor commenced the Chapter 11 Case and prepared to implement a sale process that would be subject to the oversight of the Bankruptcy Court.

In summary, the Debtor was forced to file the Chapter 11 Case for multiple reasons, including the impact of the COVID-19 pandemic on the senior housing industry followed by an unsuccessful, pre-Petition Date marketing process that left the Debtor with insufficient liquidity to sustain operations and debt without the protections of the Bankruptcy Code.

IV. EVENTS DURING THE CHAPTER 11 CASE

A. First Day Pleadings

On the Petition Date, the Debtor commenced the Chapter 11 Case by filing a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor also filed certain first day motions to transition into operations during the Chapter 11 Case and to preserve relationships with Residents, vendors, and employees.

The first day motions requested relief from the Bankruptcy Court to, among other things: (i) protect resident confidentiality; (ii) authorize interim use of cash collateral; (iii) maintain the Debtor’s cash management system; (iv) maintain utilities; (v) waive the requirement of a patient care ombudsman; and (vi) authorize the Debtor to continue its escrow arrangement for new resident deposits. These motions were supported by the *Declaration of Mike Flynn, Chief Executive Officer of the Debtor in Support of the Debtor’s First Day Pleadings* [Docket No. 16]. The Bankruptcy Court conducted hearings and entered orders with respect to each of the first day motions. *See* Docket Nos. 72, 77, 84, 85, 86, 149, and 246.

B. Cash Collateral and DIP Financing

In the ordinary course of business, the Debtor requires Cash on hand and cash flow from its operations to fund its working capital, liquidity needs and other routine payables. In addition, the Debtor requires Cash on hand to administer the Chapter 11 Case. Under the 2017 Bond Documents, the Bond Trustee has a first priority security interest in and liens on primarily all of the Debtor’s prepetition Collateral.

As stated above, on the Petition Date, the Debtor filed a motion requesting authority to use cash collateral [Docket No. 9] (the “**Cash Collateral Motion**”), and thereafter a first and second interim order with respect to the Cash Collateral Motion were entered. *See* Docket No. 85 and 152. The Bankruptcy Court entered its final order approving the Cash Collateral Motion on August 11, 2023. *See* Docket No. 207. On July 24, 2023, the Debtor filed a motion requesting approval to obtain post-petition financing on an unsecured administrative priority basis with the loan facility to be issued by FSO [Docket No. 166] (the “**DIP Financing Motion**”). *See* Docket No. 166. In response to the DIP Financing Motion, certain objections and/or notices of objection were filed. *See* Docket Nos. 177, 180, and 181. On August 11, 2023, the Bankruptcy Court entered an order approving the DIP Financing Motion [Docket No. 205] (the “**DIP Order**”). The Debtor has authority to borrow up to \$3,000,000 from FSO under the DIP Order.

C. Schedules and Statements

On July 6, 2023, the Debtor filed its Schedules and Statement of Financial Affairs. *See* Docket Nos. 132-134. The Debtor anticipates filing amended Schedules.

D. Retention of Professionals

During the Chapter 11 Case, the Bankruptcy Court has approved the Debtor’s retention and employment of the following Professionals to assist in the administration of the Debtor’s Chapter 11 Case: (a) DopkeLaw LLC, as restructuring counsel to the Debtor; (b) Polsinelli PC as co-counsel to the Debtor; (c) Wyse Advisors, LLC as financial advisor; (d) Stretto, Inc. (“**Stretto**”) as claims and noticing agent and administrative advisor; (e) Grandbridge, as real estate broker with respect to the sale of the Community;¹⁴ and (f) Avison Young – Chicago, LLC (“**Avison**”), as real estate broker with respect to the Huntley Property.

E. Appointment of the Committee

On June 23, 2023, the United States Trustee (the “**U.S. Trustee**”) appointed the official committee of unsecured creditors (the “**Committee**”), which is comprised entirely of Residents and/or representatives of Residents: (a) Kathryn Dahl; (b) Lawrence A. Gerlach; (c) Barbara Hershberger; (d) Matthew Hower; (e) Jerry A. Horner; (f) Leonard R. Kofkin; and (g) Daniel M. Scheibenreif. The Committee has retained Crane, Simon, Clar & Goodman, as counsel, and Newpoint Advisors Corporation, as financial advisor.

F. Sale of Huntley Property

On October 4, 2023, the Debtor filed an application to employ Avison Young – Chicago, LLC, as broker, with respect to the Huntley Property. *See* Docket No. 261. On October 11, 2023, the Court entered its *Order Authorizing the Employment and Retention of Avison Young – Chicago, LLC as Debtor’s Real Estate Advisor and Broker Effective as of August 28, 2023*. The Huntley Property will be marketed and for the benefit of the Estate. The Huntley Property is held in trust for the benefit of the Debtor by Chicago Title Land Trust Company. Subject to and following entry of an order of the Bankruptcy Court approving a proposed sale transaction, the Debtor will cause

¹⁴ On November 1, 2023, the Debtor filed a motion to retain Continuum Advisors, LLC, as a result of the change of employment with respect to the Debtor’s real estate broker, David Kliwer. *See* Docket No. 304.

Chicago Title Land Trust Company to transfer the title to a purchaser, and the proceeds of the sale will be distributed in accordance with the provisions of the Bankruptcy Code. On [---], 2023, the Debtor filed a motion requesting approval of a proposed sale transaction to The Prime Group, Inc. for a cash purchase price of \$450,000, of which, upon closing, approximately \$17,000 will be used to satisfy lien debt associated with the Huntley Property and \$27,000 will be used to pay Avison's commission in accordance with the Bankruptcy Court's retention order, approving the listing agreement between the Debtor and Avison.

G. Sale of Substantially all the Debtor's Assets

On June 14, 2023, the Debtor filed the Bid Procedures and Sale Motion, which, among other things, sought entry of an order establishing bid procedures and approval of a marketing process for the sale of substantially all the Debtor's assets.¹⁵ On July 12, 2023, the Bankruptcy Court entered the Bid Procedures Order, approving the Debtor's bid procedures and establishing key deadlines and dates, including, without limitation:

- Stalking Horse LOI Deadline: July 25, 2023;
- Stalking Horse Agreement Deadline: September 11, 2023 at 4:00 p.m.;
- Stalking Horse Designation Deadline: September 15, 2023 at 4:00 p.m.;
- Overbid Deadline: October 16, 2023;
- Auction Date: October 20, 2023;
- Notice of Designated Contracts: October 25, 2023 at 4:00 p.m.;
- Sale Objection Deadline: October 26, 2023 at 4:00 p.m.;
- Adequate Assurance Objection Deadline: October 30, 2023 at 4:00 p.m.; and
- Sale Hearing: November 1, 2023 at 11:00 a.m.

In accordance with the Bid Procedures Order, the Debtor, through its professionals and advisors conducted a comprehensive post petition marketing and sale process. On September 11, 2023, the Debtor received multiple bids, each in compliance with the Bid Procedures Order. On September 15, 2023, the Debtor filed its *Notice of Filing Executed Version of Stalking Horse Asset Purchase Agreement* [Docket No. 247], wherein the Debtor designated IL CCRC, LLC as the stalking horse bidder (the "**Stalking Horse**") and provided a copy of the Stalking Horse APA. The Bond Trustee, as the only creditor with a right to object to the Debtor's designation of the Stalking Horse, did not object and the deadline to do so expired on September 20, 2023 at 4:00 p.m.

¹⁵ Capitalized terms that are used but not defined in this Article IV.G. shall have the meanings ascribed to them in the Winning Bid APA.

October 16, 2023 at 4:00 p.m., the Debtor timely filed its proposed sale order, as required by the Bid Procedures Order. *See* Docket No. 272.

(1) Competing Bids, Auction, and Sale Hearing

Under the terms of the Bid Procedures Order, Lapis Municipal Opportunities Fund (“**Lapis**”) was deemed a qualified bidder, and prior to October 20, 2023, Lapis announced its intentions to attend and participate at the auction. Accordingly, on October 20, 2023, the Debtor conducted an auction that was continued and ultimately closed on October 24, 2023. Before closing the auction, the Debtor determined that the bid of the Stalking Horse was the highest and best offer and announced that the Stalking Horse Bidder was the Winning Bidder and further designated Lapis Municipal Opportunities Fund as the Backup Bidder. On October 26, 2023, the Debtor filed the Notice of Filing Executed Winning Bidder Asset Purchase Agreement with copies of the Asset Purchase Agreement (“**Winning Bid APA**”) and a redline reflecting changes between the Stalking Horse APA and the Winning Bid APA, each attached thereto. *See* Docket No. 292.

On November 8, 2023, the Bankruptcy Court conducted the Sale Hearing and approved the transaction. On [·], 2023, the Bankruptcy Court entered the Sale Order, which, among other things, approved the Sale to the Purchaser under the Winning Bid APA for the Purchase Price of approximately \$35.5 million. Upon the Sale Closing, the Purchaser will acquire the Purchased Assets (as defined in the Winning Bid APA) and assume the Assumed Liabilities (as defined in Winning Bid APA). For the avoidance of doubt, certain Assets of the Debtor will not be sold to the Purchaser, including, without limitation, the Huntley Property. The Debtor asserts ownership over certain Equipment that is included in the Purchased Assets, but Morrison Management Specialists, Inc. asserts an ownership interest with respect to such Equipment. The parties will endeavor to resolve informally, and if such discussions are unsuccessful, the parties will file briefing and present argument before the Bankruptcy Court on December 13, 2023 at 11:00 a.m. *See* Docket No. 329.

The Purchased and Excluded Assets are summarized below, and to the extent of any inconsistency, the Winning Bid APA shall control:

(2) Purchased Assets¹⁶

Under Article 2.1 of the APA, the Debtor agreed to sell and the Purchaser agreed to purchase the following assets (collectively, the “**Purchased Assets**”):

- (a) The Facility, the Premises and the improvements thereon;
- (b) the Books and Records;
- (c) the Assumed Contracts;
- (d) the Equipment;

¹⁶ Capitalized terms used in this section but not otherwise defined in the Plan and/or this Disclosure Statement shall have the meanings ascribed to such terms in the APA.

- (e) the Inventory;
- (f) to the extent transferable under applicable law, the Permits;
- (g) all Resident Trust Funds;
- (h) Option Deposits and other deposits relating to the Business;
- (i) any and all prepaid fees and other amounts for room and service charges of Residents relating to periods on or after Closing;
- (j) all Intellectual Property, including, without limitation, community specific intellectual property, including domain name FriendshipVillage.org, as well as the name “Friendship Village of Schaumburg” and related logos and marketing materials;
- (k) subject to the Buyer’s establishment of a qualified vehicle on the Closing Date to accept or otherwise hold it (or an Affiliate of Seller qualified to accept or otherwise hold it, to the extent mutually agreeable between Buyer and Seller), the Gift Annuity Account and any endowment or donor-restricted funds held by Seller (collectively, the “Endowment”), to be used solely for charitable purposes as required therein; and
- (l) any and all other items of tangible and intangible personal property and assets required, used or useful for the operation of the Facility or the Business.

(3) Excluded Assets¹⁷

Under Article 2.2 of the APA, the Debtor did not agree to sell and the Purchaser did not agree to purchase the following assets (collectively, the “**Excluded Assets**”).

- (a) the Entrance Fees;
- (b) all cash and cash equivalents;
- (c) the operating checking account;
- (d) the Purchase Price and all rights under this Agreement;
- (e) the Accounts Receivable of the Business;
- (f) the debt service reserve funds, interest reserve funds, and any other funds or accounts held by the Master Trustee, the Guaranteed Bonds Trustee, and/or the Schaumburg Bonds Trustee in connection with the Bonds (unless otherwise specifically provided for herein);
- (g) all claims and causes of action, including avoidance actions under Chapter 5 of the Bankruptcy Code;
- (h) all set-off rights to claims filed or asserted in the Chapter 11 Case (except to the extent arising in connection with an Assumed Contract which is subject to a Cure Amount);

¹⁷ Capitalized terms used in this section but not otherwise defined in the Plan and/or this Disclosure Statement shall have the meanings ascribed to such terms in the APA.

(i) hold-backs and escrows for any prorations or Taxes being paid by Seller in connection with the Closing or afterward, and utility deposits;

(j) all insurance policies of Seller, any prepaid insurance premiums and any rights or claims or proceeds arising from such policies, except those assigned to Buyer under Section 2.9 of this Agreement, and except any residual of the workers' compensation policy collateral following liquidation of claims;

(k) all Tax refunds, credits (including the Employee Retention Credit, if any), rebates, and overpayments related to Seller's operation of the Business prior to Closing solely to the extent received by Seller prior to Closing or, if not yet received, applied for by Seller or its Affiliates prior to the Execution Date;

(l) all (i) corporate seals, corporate organizational records, minute books, charter documents, record books, and stock transfer books pertaining to Seller, (ii) original Tax, accounting and financial records which pertain exclusively to the Excluded Assets, and (iii) such other files, books and records which pertain exclusively to the Excluded Assets or to the formation, existence, membership, or capitalization of Seller or its Affiliates;

(m) all Inventory and Assets disposed of or exhausted through the Closing Date in the ordinary course of business; provided, that such Inventory and Assets are likewise replenished in the ordinary course of business;

(n) all Rejected Contracts;

(o) any records which Seller is legally required to retain in its possession and any records related to Excluded Assets or Retained Liabilities (as hereinafter defined);

(p) all equipment and tangible property located at the Business but not owned by Seller, or subject to an equipment lease or vehicle lease or software license that is not an Assumed Contract, and all other assets, properties and rights not related to or used in the Business;

(q) personnel records for Employees who are not Transferred Employees and, to the extent the transfer of such records (whether directly or by means of the sale of a Seller) to Buyer or its affiliates is prohibited by applicable law, for Transferred Employees, and all Organizational Documents and minute books of Seller; board designated, restricted and trustee-held or other escrowed funds (such as the debt service reserves, self-insurance trusts, workers compensation trusts, working capital trust assets, and assets and investments restricted as to use), donor restricted assets, beneficial interests in charitable trusts and accrued earnings on all of the foregoing;

(r) the Gift Annuity Account and any endowment or donor-restricted funds held by Seller (collectively, the "Endowment");

(s) the FSO Management Agreement, and any intercompany obligations between Seller and FSO;

(t) all Benefit Plans and all trust agreements, services agreements, and assets attributable thereto; and

(u) Seller's attorney-client and work-product privileges.

H. Claims Process and Bar Dates

Pursuant to the Bar Date Order, all creditors holding or wishing to assert unsecured or secured, priority or nonpriority Claims against the Debtor or the Debtor's estate, accruing prior to the Petition Date were required to file a separate, completed, and executed Proof of Claim Form on account of each such Claim, together with accompanying documentation by the Claims Bar Date, October 13, 2023 at 11:59 p.m. More than 300 claims were filed by the Claims Bar Date.

Pursuant to the Bar Date Order, Governmental Units with Claims against the Debtor or the Debtor's estate, accruing prior to the Petition Date, are required to file Proofs of Claim by the Governmental Bar Date, November 17, 2023 at 11:59 p.m.

Because the resolution process for Claims is incomplete as the Debtor must focus its efforts and resources on, among other things, the sale of substantially all of its assets and soliciting a plan to satisfy claims, the Claims figures identified in the Plan and this Disclosure Statement represent estimates only and, in particular, the estimated recoveries for Holders of General Unsecured Claims could be materially lower if the actual amounts of Allowed General Unsecured Claims are higher than current estimates.

I. Exclusivity

On September 20, 2023, the Debtor filed a motion to extend to: (i) December 6, 2023, the period within which only the Debtor can file a Chapter 11 plan; and (ii) February 5, 2024, the period within which only the Debtor can solicit votes to accept or reject such a plan. *See* Docket No. 250. On September 28, 2023, the Bankruptcy Court entered approved the Debtor's motion, establishing the extended exclusivity periods, as requested. *See* Docket No. 254.

V. SUMMARY OF THE CHAPTER 11 PLAN

THIS SECTION PROVIDES A DETAILED SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT 1.

The Claims against the Debtor are divided into Classes according to their seniority and other criteria. The Classes of Claims and Interests against the Debtor and its Estate and the funds and other property to be distributed under the Plan are more fully described below.

THE DEBTOR BELIEVES THE PLAN AFFORDS CREDITORS THE POTENTIAL FOR THE GREATEST REALIZATION OF THE VALUE OF THE DEBTOR'S ASSETS.

A. Unclassified Claims

(1) Administrative Expense Claims

Requests for payment of Administrative Expense Claims must be Filed no later than the applicable Administrative Expense Bar Date. Holders of Administrative Expense Claims that do

not File requests for the allowance and payment thereof on or before the applicable Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtor or the Estate.

Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment or has been paid by the Debtor prior to the Effective Date, in full and final satisfaction, settlement, and release of and in exchange for release of each Allowed Administrative Expense Claim, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash from the Wind Down Reserve: (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable; (b) if an Administrative Expense Claim is Allowed after the Effective Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due; or (c) at such time and upon such terms as set forth in an order of the Bankruptcy Court; *provided, however*, that any Administrative Expense Claims that are assumed by the Purchaser pursuant to the APA shall not be an obligation of the Debtor; *provided, further*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor, as debtor-in-possession, or liabilities arising under obligations incurred by the Debtor, as debtor-in-possession, in accordance with the Wind Down Budget and to the extent such obligations are not assumed by the Purchaser, shall be paid by the Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

(2) Professional Fee Claims

All Professionals requesting payment or satisfaction of Professional Fee Claims for services rendered before the Effective Date (including compensation requested by any Professional or other entity for making a substantial contribution in the Chapter 11 Case) shall File an application for final allowance of compensation and reimbursement of expenses no later than the Professional Fee Claims Bar Date.

The Final Fee Hearing shall be held as soon as practicable after the Professional Fee Claims Bar Date. The Debtor, through its counsel, shall File a combined notice of the Final Fee Hearing. Such notice shall also be posted on the Case Website, and served upon counsel for the Committee, counsel for Bond Trustee, all Professionals, the U.S. Trustee, and all parties on the Debtor's Bankruptcy Rule 2002 service list.

Allowed Professional Fee Claims shall be paid: (i) as soon as is reasonably practicable following the later of (a) the Effective Date and (b) the date upon which the order relating to any such Allowed Professional Fee Claims is entered by the Bankruptcy Court; or (ii) upon such other terms as agreed by the Holder of such an Allowed Professional Fee Claims. Allowed Professional Fee Claims shall be paid in full in Cash by the Debtor.

(3) Priority Tax Claims

Except to the extent that the Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment with the Debtor, each Holder of an Allowed Priority Tax Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Priority Tax Claim an amount of Cash equal to the full unpaid amount of such Allowed Tax Claim on (a) the Effective Date, or (b) the first Business Day after the date which is thirty (30) days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable. Cook County Treasurer's Office has filed a proof of claim, asserting a Claim in the amount of \$723,856.09.

(4) DIP Facility Claims

The DIP Facility Claims shall be deemed Allowed Administrative Expense Claims in the full amount due and owing under the DIP Order, as of the Effective Date. The DIP Lender is not required to file any Proof of Claim with respect to the DIP Facility Claims, which shall be satisfied in full from Net Sale Proceeds and/or other Cash available on the Effective Date.

(5) U.S. Trustee Fees

All U.S. Trustee Fees due and payable prior to the Effective Date shall be paid by the Debtor on or before the Effective Date in accordance with Bankruptcy Code section 1129(a)(12). On and after the Effective Date, until the earliest of the Chapter 11 Case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code, the Plan Administrator shall pay any and all U.S. Trustee Fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee.

B. Classification and Treatment of Claims and Interests

(1) Classification of Claims and Interests

Pursuant to Bankruptcy Code sections 1122 and 1123(a)(1), Claims are classified for all purposes, including, without express or implied limitation, voting, confirmation and distribution pursuant to the Plan, as set forth herein. A Claim or an 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 or an Interest also is classified in a particular Class for the purpose of receiving Distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Except to the extent that the Debtor and a Holder of an Allowed Claim or Allowed Interest, as applicable, agree in writing to less favorable treatment for such Allowed Claim or Allowed Interest, as applicable, such Holder shall receive under the Plan the treatment described below and set forth in Section 9 of the Plan in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Holder's Allowed Claim or Allowed Interest. Unless otherwise indicated, the Holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the Effective Date or as soon thereafter as reasonably practicable.

The following table designates the Classes of Claims and Interests in the Debtor and specifies which of those Classes are: (i) Impaired or Unimpaired; (ii) entitled to vote to accept or reject the Plan; and (iii) deemed to accept or reject the Plan.

Class	Estimated Allowed Claims¹⁸	Treatment & Voting Rights	Estimated Recovery¹⁹
Class 1 – Other Priority Claims	\$410,000.00	Unimpaired, deemed to accept	100%
Class 2 – Bond Claims	\$131,600,000.00	Impaired, entitled to vote	23.3%
Class 3 – Other Secured Claims	\$85,000.00 ²⁰	Unimpaired, deemed to accept	100%
Class 4 – Deficiency Claims	TBD ²¹	Impaired, deemed to reject	0%
Class 5A – Participating Current Resident Claims	\$77,894,000.00 ²²	Impaired, entitled to vote	56.0% ²³
Class 5B – Non-Participating Current Resident Claims ²⁴	\$0.00	Impaired, entitled to vote	0.00%
Class 6 – Former Residents Claims	\$20,000,000.00	Impaired, deemed to reject	10.0% ²⁵

¹⁸ These amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in Proofs of Claim or otherwise. The Debtor has not completed its review and analysis of all Claims in the Chapter 11 Case, and objections to such Claims have not been Filed and/or fully litigated and may continue following the Effective Date. Therefore, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated.

¹⁹ The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Case. As set forth above, the actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are Allowed by the Bankruptcy Court.

²⁰ The estimated amount of the Class 3 Claim held by LEAF Capital Funding, LLC assumes that the value of the collateral is \$85,000, but the Debtor reserves the right to dispute the amount of this Other Secured Claim.

²¹ The Deficiency Claims will be determined by the amount of Net Sale Proceeds available for Distribution to Class 2 and Class 3 Claims, each of which are undersecured Claims.

²² This assumes that 100% of Holders of Current Resident Claims will enter into modified Residency Agreements and vote to accept the Plan.

²³ The estimated percentage recovery is based upon Current Resident Claims that are eligible to participate in the Current Resident Entrance Fee Program and the estimated future recovery associated with their modified Residency Agreements. It is an estimate based on life expectancies, among other factors.

²⁴ For purposes of this Disclosure Statement, the Debtor assumes that all Holders of Current Resident Claims will participate by entering into a modified Residency Agreement, which shall be distributed in the Solicitation Packages and attached to Ballots.

²⁵ The proposed Sale Transaction, which is the primary means for implementation of the Plan, provides for \$2 million to be held in escrow or trust for the benefit of Holders of Class 6 Former Resident Claims. The Plan Administrator will cause the Former Resident Proceeds Fund to be distributed Pro Rata to such Holders.

Class	Estimated Allowed Claims ¹⁸	Treatment & Voting Rights	Estimated Recovery ¹⁹
Class 7 – General Unsecured Claims	\$4,002,000.00	Impaired, deemed to reject	0.00% ²⁶
Class 8 – Intercompany Claims	\$215,355.00	Impaired, not entitled to vote	0.00%
Class 9 – Interests in Debtor	N/A	Impaired, not entitled to vote	0.00%

(2) Treatment of Claims and Interests

(a) Class 1: Other Priority Claims

Classification. Class 1 consists of all Other Priority Claims.

Treatment. Except to the extent that a Holder of an Allowed Other Priority Claim and the Debtor agree in writing to less favorable treatment of such Holder's Allowed Other Priority Claim, each Holder of an Allowed Other Priority Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Other Priority Claim:

- a. payment in full, in Cash, on the later of (i) the Effective Date; or (ii) the date such Other Priority Claim is Allowed;
- b. payment in the ordinary course of business between the Debtor and the Holder of such Allowed Other Priority Claim; or
- c. payment at such time and upon other terms as the Debtor and the Holder of such Allowed Other Priority Claim may agree.

Voting. Class 1 is Unimpaired. Holders of Allowed Other Priority Claims in Class 1 are conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Other Priority Claims are not entitled to vote to accept or reject the Plan.

(b) Class 2: Bond Claims

Classification. Class 2 consists of the Bond Claims.

Treatment. Upon the terms and subject to the conditions set forth in the Plan, in full and final satisfaction, settlement, release, and discharge of the Allowed Bond Claims against the Debtor, the Bond Trustee shall receive, on behalf of the Holders of the Allowed Bond Claims, (i) on the Effective Date or as soon as practicable thereafter, the Net Sale Proceeds, subject to the amounts required to satisfy other Allowed Claims and fund the Wind Down Reserve; and (ii) any

²⁶ Class 7 General Unsecured Claims will include any Rejection Claims that arise as a result of a Holder of a Current Resident Claim electing not to consent to be bound by the terms of a modified Residency Agreement and, thus, causing their Residency Agreement to be rejected.

funds remaining in the Wind Down Reserve after payments of applicable obligations. All Distributions made on account of the Bond Claims shall be paid to the Bond Trustee, and the 2017 Bond Trustee shall make further Distributions to the holders of the Bonds as set forth in the 2017 Bond Documents. In addition to the foregoing and as allowed by the Final Cash Collateral Order, the Bond Trustee may apply any and all funds in its possession as set forth in the 2017 Bond Documents free from the automatic stay imposed by Bankruptcy Code section 362.

Voting. Class 2 is Impaired. Holders of Allowed Bond Claims are entitled to vote to accept or reject the Plan.

(c) Class 3: Other Secured Claims

Classification. Class 3 consists of all Other Secured Claims.

Treatment. Except to the extent that a Holder of an Allowed Other Secured Claim and the Debtor agree in writing to less favorable treatment of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Other Secured Claim:

- a. payment in full, in Cash, of the unpaid portion of its Allowed Other Secured Claim on the following: (i) if such Allowed Other Secured Claim is Allowed as of the Effective Date, the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, the date such Allowed Other Secured Claim becomes due and payable, or as soon thereafter as is reasonably practicable); and (ii) if such Allowed Other Secured Claim is not Allowed as of the Effective Date, the date such Other Secured Claim is Allowed or as soon as reasonably thereafter practicable;
- b. a Distribution of such Collateral securing the Other Secured Claim;
- c. a Distribution of the proceeds of the sale or disposition of such Collateral securing the Other Secured Claim; or
- d. such other treatment as the Debtor and the Holder of such Allowed Other Secured Claim may agree.

Voting. Class 3 is Unimpaired. Holders of Allowed Other Secured Claims in Class 3 conclusively presumed to have accepted the Plan under Bankruptcy Code section 1126(f). Holders of Other Secured Claims are not entitled to vote to accept or reject the Plan.

(d) Class 4: Deficiency Claims

Classification. Class 4 consists of Deficiency Claims.

Treatment. Holders of Deficiency Claims shall not receive any Distribution on account of such Class 4 Claims, which shall be discharged, cancelled, released, and extinguished as of the Effective Date, and shall be of no further force or effect.

Voting. Class 4 is Impaired. Holders of Allowed Deficiency Claims, in Class 4, are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(e) Class 5A: Participating Current Resident Claims

Classification. Class 5A consists of Participating Current Resident Claims.

Treatment. Class 5A is Impaired and entitled to vote on the Plan. This Class consists of all Participating Current Resident Claims. Holders of Current Resident Claims, to the extent such Residents are residing at the Community on the Closing Date,²⁷ shall have the right to enter into a new or amended agreement such that their Residency Agreements will be effectively assumed on modified terms. Certain Participating Current Residents will be eligible to participate in the Current Resident Entrance Fee Program described in Section 5.10 of the Winning Bid APA. As more fully set forth therein, following the Sale Closing, Participating Current Residents, if applicable, will receive, a partial recovery of the refundable portion of the Entrance Fees under their respective Residency Agreements in Cash payment from the Purchaser, with such recovery amount depending on the number of years that the Participating Current Resident resides at the Community.

Voting. Class 5A is Impaired. Holders of Allowed Participating Current Resident Claims, in Class 5A, are entitled to vote to accept or reject the Plan.

(f) Class 5B: Non-Participating Current Resident Claims

Classification. Class 5B consists of Non-Participating Current Resident Claims.

Treatment: As stated above, Holders of Current Resident Claims shall have the right to enter into a new or modified agreement such that their Residency Agreements will be effectively assumed on modified terms. Non-Participating Current Residents, as defined under the Plan to mean “Residents who do not consent to the modification of their Residency Agreements to be assumed by the Debtor and assigned to the Purchaser”, will not be eligible to participate in the Current Resident Entrance Fee Program, will not receive any Distribution on account of Current Resident Claims, and will not be permitted to continue to reside at the Community. Such Class 5B Claims shall be discharged, cancelled, released, and extinguished as of the Effective Date, and shall be of no further force or effect. Rejection Claims that arise as a result of the rejection of the applicable Residency Agreements shall be treated as Class 7 General Unsecured Claims, in the manner set forth below.

²⁷ Under the Winning Bid APA, Residents who reside at the Community on the Closing Date, not the Petition Date, are Current Residents who will be eligible to participate in the Current Resident Entrance Fee Program and otherwise enter into modified contracts. For the avoidance of doubt, if a Resident is a Current Resident, as defined under the Plan (meaning such Resident resides at the Community on the Petition Date), but does not reside at the Community as of the Closing Date, such Resident shall be treated like a Former Resident under the Winning Bid APA.

Voting. Class 5B is Impaired. Holders of Allowed Current Resident Claims, in Class 5B, are entitled to vote to accept or reject the Plan, and upon rejection, will recover no Distribution(s) under the Plan.

(g) Class 6: Former Resident Claims

Classification. Class 6 consists of Former Resident Claims.

Treatment. Holders of Former Resident Claims shall not receive any Distribution on account of such Allowed Former Resident Claims, which shall be discharged, cancelled, released, and extinguished as of the Effective Date, and shall be of no further force or effect.²⁸ Rejection Claims that arise as a result of the rejection of the applicable Residency Agreements shall be treated as Class 7 General Unsecured Claims, in the manner set forth below.

Voting. Class 6 is Impaired. Holders of Allowed Former Resident Claims, in Class 6, are deemed to reject the Plan.

(h) Class 7: General Unsecured Claims

Classification. Class 7 consists of General Unsecured Claims.

Treatment. Holders of General Unsecured Claims shall not receive any Distribution on account of such General Unsecured Claims, which shall be discharged, cancelled, released, and extinguished as of the Effective Date, and shall be of no further force or effect.

Voting. Class 7 is Impaired. Holders of Allowed General Unsecured Claims, in Class 7, are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(i) Class 8: Intercompany Claims

Classification. Class 8 consists of Intercompany Claims.

Treatment. FSO, as the Holder of Intercompany Claims, shall not receive any Distribution on account of such claims, and such Class 8 Claims shall be waived, released, and extinguished as of the Effective Date, and shall be of no further force or effect.

Voting. Class 8 is Impaired. Holders of Intercompany Claims, in Class 8, are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(j) Class 9: Interests in Debtor

²⁸ The proposed Sale Transaction, the primary means for implementation of the Plan, provides for \$2 million to be held in escrow or trust for the benefit of Holders of Class 6 Former Resident Claims. The Plan Administrator will cause the Former Resident Proceeds Fund to be distributed Pro Rata to such Holders.

Classification. Class 9 consists of FSO's Interests in the Debtor.

Treatment. Holders of Interests in the Debtor shall not receive any Distribution on account of such Interests, and such Interests shall be terminated on the Effective Date.

Voting. Class 9 is Impaired. Holders of Interests in the Debtor are deemed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g) and are not entitled to vote to accept or reject the Plan.

(3) Acceptance or Rejection of the Plan

(a) Acceptance by an Impaired Class

In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

(b) Presumed Acceptance of the Plan

Classes 1 and 3 are conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f).

(c) Presumed Rejection of the Plan

Classes 4, 6, 7, and 8 are conclusively presumed to have rejected the Plan pursuant to Bankruptcy Code section 1126(g).

(d) Voting Classes

Classes 2, 5A, and 5B are entitled to vote to accept or reject the Plan.

(4) Subordination Claims

The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments under the Plan take into account the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Bankruptcy Code section 510(b), or otherwise. For purposes of Bankruptcy Rule 7001(8), the Plan provides for subordination. The Plan Administrator, as set forth herein, shall have the right to request to subordinate any Claim in accordance with any contractual, legal, or equitable subordination relating thereto under the Bankruptcy Code. Subordinated Claims shall not receive a Distribution under the Plan until any and all senior Allowed Claims are paid in full.

(5) Cramdown and No Unfair Discrimination

If all applicable requirements for confirmation of the Plan are met as set forth in Bankruptcy Code section 1129(a) except subsection (8) thereof, the Debtor shall request that the Bankruptcy Court confirm the Plan in accordance with Bankruptcy Code section 1129(b) on the bases that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims or Interests that is Impaired hereunder, and has not accepted or is deemed to reject, the Plan.

C. Means for Implementation and Effective Date of the Plan

(1) Implementation of the Plan

(a) Sale Transaction

Consistent with the APA, substantially all the Assets in the Estate shall be sold to the Purchaser, free and clear of all Liens, Claims, Encumbrances, and Interests pursuant to Bankruptcy Code section 1123(a)(5)(D), with all such Liens, Claims, Encumbrances and Interests attaching automatically to the Net Sale Proceeds in the same manner, extent, validity and priority as existed on the Closing Date. Net Sale Proceeds will be distributed pursuant to the Plan.

(b) Transfer of Net Sale Proceeds

The Bond Trustee shall receive the following on account of the Bond Claims on the Effective Date, or as soon as practicable thereafter, the Net Sale Proceeds of the Sale, less any amounts required to be distributed to (i) certain other Allowed Claims, and (ii) fund the Wind Down Budget; provided that any funds remaining in the Wind Down Reserve shall be paid to the Bond Trustee in accordance with the treatment of Allowed Bond Claims as set forth herein. All Distributions made on account of the Bond Claims shall be paid to the Bond Trustee, and the Bond Trustee shall make further distributions to the Holders of the Bonds in accordance with the 2017 Bond Documents.

(c) Resident Matters

Pursuant to the APA and Sale Order, and as more fully described in Section 4 of the Plan, on the date of the Sale Closing, the Debtor will reject all Residency Agreements between the Debtor and Former Residents and the Purchaser will offer modified Residency Agreements to Residents who reside at the Community as of the Closing Date, converting the Residency Agreements into monthly rental agreements.²⁹ The Debtor will assume and assign to Purchaser the modified Residency Agreements, and the Purchaser will honor a portion of the Debtor's Refund Obligations to Participating Current Residents in accordance with the terms of the modified Residency Agreements and the APA. The Residency Agreements of Non-Participating Current Residents will be rejected. Although Former Residents' Residency Agreements will be rejected, the Purchaser requires the Debtor to hold in trust a portion of the Cash consideration to be paid to Former Residents on a Pro Rata basis. Thus, each Holder of a Former Resident Claim will receive

²⁹ Holders of Current Resident Claims will have the opportunity to agree to enter into a modified Residency Agreement when casting a Ballot with respect to the Plan.

their Pro Rata share of the Former Resident Proceeds Fund, and any Current Resident who is no longer residing at the Community on the Closing Date will be treated as a Former Resident under the Plan. For the avoidance of doubt, the Closing Date, not the Petition Date, is the determinative date with respect to whether a Resident will be eligible to participate in the Current Resident Entrance Fee Program.

As of the date hereof, the Entrance Fee Escrow, which is maintained by the Debtor for the benefit of certain residents, holds approximately \$5,300,000 in funds anticipated to be disbursed back to those Residents on the Effective Date or as reasonably practicable thereafter.

As soon as practicable following the Sale Closing, the Plan Administrator will cause the Escrow Agent to disburse the funds from the Entrance Fee Escrow in the following order of priority: (i) first, returning deposits and Entrance Fees to Residents irrespective of whether such Resident elects to continue to reside at the Community; and (ii) second, to the Debtor and/or the Plan Administrator to constitute Cash on hand available to the Debtor to make certain transactions required on or about the Effective Date.

(d) Wind Down Budget

Pursuant to the Wind Down Budget, dependent on the date of the Sale Closing, an amount of Cash will remain in the Estate to: (a) fund operations through the Effective Date; (b) pay Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, U.S. Trustee Fees, Allowed Other Secured Claims, and Allowed Other Priority Claims; and (c) provide funding for the Plan Administrator to conduct an orderly wind down of the Estate in accordance with the Plan. The remaining balance of the Wind Down Reserve, if any, will be transferred to the Bond Trustee upon entry of the Final Decree.

(e) Corporate Action; Effectuating Documents

On the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the trustees or officers of the Debtor.

The Board shall remain intact until the Debtor is dissolved, as set forth more fully below. All corporate action shall be taken in accordance with the Corporate Governance Documents. Upon the dissolution of the Debtor, the officers and trustees of the Board shall be deemed to have resigned to the extent permissible under applicable law.

The officers and trustees of the Debtor shall be authorized to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such other actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan.

(f) Dissolution of Debtor

Debtor shall not be a reorganized debtor. Upon the Effective Date, the Debtor shall be deemed to be dissolved without any further action by the Debtor or the Bankruptcy Court,

including the filing of any documents with the secretary of state of Illinois. The Plan shall constitute a decree of dissolution with respect to the Debtor. For the avoidance of doubt, Debtor shall be deemed to remain intact solely with respect to the preparation, filing, review, and/or resolution of applications and motions to be filed following the Effective Date for, among other things, the assertion of Professional Fee Claims or to satisfy any obligations of the Debtor contained in the Asset Purchase Agreement or related documents.

(g) Section 1146 Exemption

To the fullest extent permitted under Bankruptcy Code section 1146, the issuance, transfer or exchange of any security under or pursuant to the Plan, and the execution, delivery, or recording of any instrument of transfer under or pursuant to the Plan, and the revesting, transfer, or sale of any property of or to the Bond Trustee or the Purchaser at the Sale shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or other Governmental Unit in which any instrument hereunder is to be recorded in accordance with the Plan shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax, or similar tax.

(2) Effective Date

The Effective Date shall not occur until the date of Sale Closing and the other conditions for the Effective Date are satisfied or otherwise waived in accordance with the terms of the Plan. As soon as reasonably practicable following the occurrence of the Effective Date, the Debtor shall File notice of the Effective Date, which shall also be posted on the Case Website.

D. The Plan Administrator

(1) Distributions

All Distributions under the Plan shall be made by the Plan Administrator.

(2) Retention of Assets and Liabilities

After the Effective Date, in accordance with the Plan, the Debtor shall retain proceeds of the Sale for the sole purpose of satisfying Allowed Professional Fee Claims. Any remaining sale proceeds, other Cash available, and/or other assets available (collectively, the “**Remaining Assets**”) shall be transferred to the Plan Administrator to satisfy obligations of the Debtor’s Estate, including, without limitation, the payment of any Allowed Administrative Expense Claims.

(3) Plan Administrator

Appointment of the Plan Administrator. A Plan Administrator shall be selected by the Debtor no later than seven (7) days prior to the Voting Deadline, and upon the Effective Date shall serve in accordance with the Plan. The Plan Administrator shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. No later than seven (7) days prior to the Voting Deadline, the Debtor shall file

in the Bankruptcy Court a notice identifying the Plan Administrator, and any party may obtain a copy of such notice by contacting Stretto.

Establishment of the Plan Administrator. On the Effective Date, the Plan Administrator shall be established. On the Effective Date, the Plan Administrator will control the funds in the Wind Down Reserve for Distributions on account of Allowed Claims in accordance with the Plan.

Duties of the Plan Administrator. The Plan Administrator shall (i) be a representative of the Estate pursuant to Bankruptcy Code section 1123, (ii) have the rights and powers set forth in the Plan, and (iii) be governed in all things by the terms hereof. The Plan Administrator shall have reasonable access to the Debtor's books and records on reasonable prior notice to the Purchaser or its designee. Subject to the terms and limitations of the Plan, the Plan Administrator shall be authorized, empowered, and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising hereunder, including, without limitation, to (i) act as a trustee for and administer the Remaining Assets, (ii) take any action necessary to transfer the Remaining Assets to the Plan Administrator and, to the extent deemed feasible by the Plan Administrator, dissolve the Debtor in accordance with the Plan and applicable law, (iii) retain attorneys, advisors, and other Professionals as may be necessary and appropriate to perform the duties required of, and the obligations assumed by, the Plan Administrator under the Plan, without the need for prior court approval, (iv) execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Plan Administrator, (v) open, maintain, and administer bank accounts as necessary to discharge the duties of the Plan Administrator under the Plan, (vi) administer, sell, liquidate, or otherwise dispose of the Remaining Assets in accordance with the Plan, (vii) file and prosecute objections to, and negotiate, settle, or otherwise resolve, any and all Disputed Claims, (viii) serve as the Estate's representative before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Plan Administrator, (ix) prepare and file quarterly financial reports after the Effective Date, (x) comply with applicable orders of the Bankruptcy Court and any other Court of competent jurisdiction over the matters set forth herein, and all applicable laws and regulations concerning the matters set forth herein, (xi) prepare any audits, and (xii) administer Option Deposits. Notwithstanding anything to the contrary in the Plan, this Disclosure Statement or any other documents or Order, the Plan Administrator shall not assume any obligations with respect to, and shall have no responsibility or obligation to take any action or steps with respect to, any retirement or benefits plan (whether ERISA qualified or not) of the Debtor, and shall have no liability in connection with any such plans.

Accounting and Reporting. The Plan Administrator shall maintain an accounting of receipts and disbursements with respect to the Plan Administrator, which shall be open to inspection and review by the Bankruptcy Court and any Holder of an Allowed Claim or its respective Professionals, upon reasonable notice to the Plan Administrator. After the Effective Date, the Plan Administrator shall serve the U.S. Trustee with, and shall file with the Bankruptcy Court, a quarterly financial report for each quarter (or portion thereof) that the Chapter 11 Case remains open, as well as a final financial report after the Bankruptcy Court enters a Final Decree closing the Chapter 11 Case.

Plan Administrator Expenses. The Plan Administrator may, in the ordinary course of business and without the necessity for any application to, or approval of, the Bankruptcy Court,

pay any accrued but unpaid reasonable and documented expenses of the Plan Administrator from the Remaining Assets.

Retention of Professionals. Attorneys, advisors, and any other Professional retained by the Plan Administrator shall submit to the Plan Administrator periodic statements for all reasonable compensation for services rendered, and reimbursement for actual and necessary expenses incurred, by such Professionals. The Plan Administrator shall have twenty-one (21) days to object to any such statement. If an objection is received by a Professional and cannot be promptly resolved by such professional and the Plan Administrator, the dispute shall be submitted by the Plan Administrator to the Bankruptcy Court for adjudication. The Bankruptcy Court shall retain jurisdiction to adjudicate any such objection. If no objection is raised to a statement within the twenty-one (21) day period, such statement shall be promptly paid by the Plan Administrator.

Termination of the Plan Administrator. The Plan Administrator shall be terminated upon the earlier of (a) the three (3) year anniversary of the Effective Date or (b) the entry by the Bankruptcy Court of a Final Decree closing the Chapter 11 Case and submission by the Plan Administrator of the final financial report to the Bankruptcy Court. On or prior to the date of termination of the Plan Administrator, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Plan Administrator for cause shown. The Plan Administrator may resign at any time by giving the U.S. Trustee at least thirty (30) days' written notice of the Plan Administrator's intention to do so, in which case the resignation shall be effective on the thirtieth day following issuance of such notice or such other date agreed to by the U.S. Trustee. In the event of a resignation, the resigning Plan Administrator shall render to the successor Plan Administrator an accounting of monies and assets received, disbursed, and held during the term of office of the resigning Plan Administrator. Upon the resignation or termination of the Plan Administrator prior to the three (3) year anniversary of the Effective Date or entry by the Bankruptcy Court of a Final Decree closing of the Chapter 11 Case, the U.S. Trustee shall appoint a successor Plan Administrator; *provided, however*, that the U.S. Trustee shall file with the Bankruptcy Court a notice of the appointment of such successor. In the event of a resignation of the Plan Administrator, the resigning Plan Administrator shall be entitled to payment of all compensation earned by the Plan Administrator through and including the effective date of such resignation.

Limitation on Liability. No recourse shall ever be had, directly or indirectly, against the Plan Administrator or its officers, directors, agents, employees, attorneys, advisors, or other professionals by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge, or note, or upon any promise, contract, instrument, undertaking, obligation, covenant, or agreement whatsoever executed by the Plan Administrator under the Plan or by reason of the creation of any indebtedness by the Plan Administrator under the Plan and for any purpose authorized by the Plan. All such liabilities, covenants, and agreements of the Plan Administrator, its respective officers, directors, agents, employees, attorneys, advisors, or other Professionals, whether in writing or otherwise, under the Plan shall be enforceable, if at all, only against, and shall be satisfied only out of, the Remaining Assets. Every undertaking, contract, covenant or agreement entered into in writing by the Plan Administrator shall provide expressly against the personal liability of the Plan Administrator. The Plan Administrator and its officers, directors, agents, employees, attorneys, advisors and other Professionals shall not be liable for any act they may do, or omit to do, hereunder in good faith and in the exercise of their respective best judgment and the fact that such act or omission was advised, directed, or approved by an attorney

acting as counsel for the Plan Administrator shall be conclusive evidence of such good faith and best judgment; *provided, however*, that this Section shall not apply to any bad faith, fraud, gross negligence, or willful misconduct by the Plan Administrator or its officers, directors, agents, employees, attorneys, advisors, or other professionals.

Reliance on Documents. The Plan Administrator may rely, and shall be protected in acting or refraining from acting, upon any certificates, opinions, statements, instruments, or reports believed by it to be genuine and to have been signed or presented by the proper entity, including, without limitation, claims lists and data provided to the Plan Administrator by the Claims and Balloting Agent or the Debtor, upon which the Plan Administrator shall base Distributions.

(4) Rights and Powers of the Plan Administrator

Except as otherwise set forth in the Plan, the Plan Administrator shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) establish, as necessary, disbursement accounts for the deposit and Distribution of all amounts distributed under the Plan; (iii) make Distributions in accordance with the Plan, (iv) object to Claims, as appropriate, (v) employ and compensate professionals to represent it with respect to its responsibilities, (vi) assert any of the Debtor's claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and (vii) exercise such other powers as may be vested in the Plan Administrator by order of the Bankruptcy Court pursuant to the Plan, or as deemed by the Plan Administrator to be necessary and proper to implement the provisions hereof. Except as otherwise set forth in the Plan, the Plan Administrator may take any and all actions that it deems reasonably necessary or appropriate to defend against any Claim, including, without limitation, the right to: (a) exercise any and all judgment and discretion with respect to the manner in which to defend against or settle any Claim, including, without limitation, the retention of professionals, experts, and consultants and (b) enter into a settlement agreement or agreements; provided, that such settlement is entered into by the Plan Administrator in good faith.

(5) Post-Confirmation Expenses of the Plan Administrator

The Plan Administrator shall receive reasonable compensation for services rendered pursuant to the Plan without further order. In addition, except as otherwise ordered by the Bankruptcy Court, the amount of reasonable fees and expenses incurred by the Plan Administrator on or after the Effective Date (including, without limitation, reasonable attorney and professional fees and expenses) shall be paid without further order.

E. Provisions Governing Distributions Under the Plan

(1) Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim shall receive the full amount of the Distributions that the Plan provides for Allowed Claims in the applicable Class and in the manner provided therein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed

on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the Plan. Except as otherwise provided for in the Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the Distributions provided for herein, regardless of whether such Distributions are delivered on or at any time after the Effective Date.

(2) Method of Payment

Unless otherwise expressly agreed in writing, all Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank or an electronic wire.

(3) Objections to and Resolution of Claims

The Plan Administrator shall have the right to file objections to Claims after the Effective Date. All objections shall be litigated to entry of a Final Order; *provided, however*, that only the Plan Administrator shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections without approval of the Bankruptcy Court.

(4) Claims Objection Deadline

The Plan Administrator and any other party in interest to the extent permitted pursuant to Bankruptcy Code section 502(a), shall file and serve any objection to any Claim no later than the Claims Objection Deadline; *provided, however*, that the Claims Objection Deadline may be extended by the Bankruptcy Court from time to time upon notice of motion by the Plan Administrator for cause.

(5) No Distribution Pending Allowance

Notwithstanding any other provision of the Plan, no payment or Distribution of Cash or other property shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order or as otherwise permitted by the Plan. Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date (but that later become Allowed Claims), shall be deemed to have been made on the Effective Date. Notwithstanding any other provision of the Plan and except as may be agreed to by the Debtor, the Liquidating Debtor, or the Plan Administrator, as applicable, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial Distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

(6) Escrow of Cash Distributions

On any date that Distributions are to be made under the terms of the Plan, the Plan Administrator shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash or property that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto. The Plan Administrator shall also segregate any interest, dividends, or proceeds of such

Cash. Such Cash, together with any interest, dividends, or proceeds thereof, shall be held in trust for the benefit of the Holders of all such Disputed Claims pending determination of their entitlement thereto.

(7) Distribution After Allowance

Except as otherwise provided herein, within the later of (i) seven (7) Business Days after a Claim becomes an Allowed Claim and (ii) thirty (30) days after the expiration of the Claims Objection Deadline, the Plan Administrator shall distribute all Cash or other property, including any interest, dividends, or proceeds thereof, to which a Holder of an Allowed Claim is then entitled.

(8) Investment of Segregated Cash and Property

To the extent practicable, the Plan Administrator may invest any Cash or other property segregated on account of a Disputed Claim, undeliverable distribution, or any proceeds thereof (i) in a manner that will yield a reasonable net return taking into account the safety of the investment or (ii) in any manner permitted by Bankruptcy Code section 345; *provided, however*, that the Plan Administrator shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property, or proceeds.

(9) Delivery of Distributions

Except as provided herein, Distributions to Holders of Allowed Claims shall be made: (i) at the addresses set forth on the respective Proofs of Claim Filed by such holders; (ii) at the addresses set forth in any written notices of address changes delivered to the Plan Administrator after the date of any related Proof of Claim; or (iii) at the address reflected in the Schedules if no Proof of Claim is filed and the Plan Administrator has not received a written notice of a change of address. The Plan Administrator shall be entitled to conclusively rely on the Distribution Matrix for purposes of making Distributions. None of the Debtor, the Liquidating Debtor, or the applicable Plan Administrator shall incur any liability whatsoever on account of any Distributions under the Plan except for gross negligence, willful misconduct, or fraud.

(10) Undeliverable and Unclaimed Distributions

(a) Undeliverable Distributions

If the Distribution to the Holder of any Claim is returned to the Plan Administrator as undeliverable, no further distribution shall be made to such Holder unless and until the Plan Administrator is notified in writing of such Holder's then current address. Undeliverable Distributions shall remain in the possession of the Plan Administrator until the earlier of (i) such time as a Distribution becomes deliverable or (ii) such undeliverable Distribution becomes an Unclaimed Distribution.

Until such time as an undeliverable Distribution becomes an Unclaimed Distribution, within thirty (30) days after the end of each calendar quarter following the Effective Date, or upon such other interval as the Bankruptcy Court may order, but in no event less frequently than annually, the Plan Administrator shall make distributions of all Cash and property that has become

deliverable during the preceding quarter. Each such Distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such Distribution would have been due had it then been deliverable to the date that such Distribution becomes deliverable.

The Plan Administrator shall make reasonable efforts to update or correct contact information for recipients of undeliverable Distributions; *provided, however*, that nothing contained in the Plan shall require the Plan Administrator to locate any Holder of an Allowed Claim.

(b) Unclaimed Distributions

Any Cash or other property to be distributed under the Plan shall revert to the Plan Administrator if it is not claimed by the Entity on or before the Unclaimed Distribution Deadline. If such Cash or other property is not claimed on or before the Unclaimed Distribution Deadline, the Distribution made to such Entity shall be deemed to be reduced to zero.

(11) Setoff

The Debtor or Plan Administrator, as applicable, retains the right to reduce any Claim by way of setoff in accordance with the Debtor's books and records and in accordance with the Bankruptcy Code.

(12) Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith, the Plan Administrator shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions under the Plan shall be subject to any such withholding or reporting requirements.

(13) Minimum Distributions

Notwithstanding anything herein to the contrary, the Plan Administrator shall not be required to make Distributions or payments of less than \$25.00.

(14) Interest on Claims.

Unless otherwise specifically provided for in this Plan or separate order of the Bankruptcy Court, postpetition interest will not accrue or be paid on Claims, and no Holder will be entitled to interest accruing on or after the Petition Date on any Claim. Similarly, unless otherwise specifically provided for in this Plan, postpetition interest will not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

F. Executory Contracts and Unexpired Leases

(1) Deemed Rejected as of the Effective Date if Not Assumed

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumption and/or rejection of Executory Contracts and Unexpired Leases as set forth in the Plan, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, the assumption and rejection, as applicable, of Executory Contracts and Unexpired Leases pursuant to the Plan shall be effective as of the Effective Date.

In accordance with the Bid Procedures Order, as amended by the Order entered at Docket No. 291, on October 27, 2023, the Debtor filed a notice of Executory Contracts and Unexpired Leases that the Purchaser designated for assumption and assignment (the “**Designated Contracts Notice**”). See Docket No. 294. Among other executory contracts listed, the Purchaser designated for assumption “modified” residency agreements with residents who reside at the Community as of the Closing Date. Notwithstanding anything to the contrary in the Plan, the Debtor reserves the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Designated Contracts Notice and/or Plan Supplement, as applicable, at any time before the Closing Date. On the Closing Date, as set forth in the APA, the Debtor shall reject the Residency Agreements of all Residents who no longer reside at the Community as of the Closing Date. Any Current Resident who desires to continue to reside at the Community may do so only by entering into a new or modified agreement with the Purchaser, which will be assumed and assigned in accordance with the Sale Order.

Unless an Executory Contract or Unexpired Lease is assumed pursuant to the APA and the Sale Order, or separate order of the Bankruptcy Court, the Executory Contract or Unexpired Lease shall be deemed to have been rejected by the Debtor on the Closing Date. The Debtor reserves the right to file a motion to assume additional executory contracts within the statutory timeframe proscribed by the Bankruptcy Code.

(2) Claims Based on Rejection of Executory Contracts or Unexpired Leases

In the event that the rejection of an Executory Contract by the Debtor pursuant to the Plan results in a Rejection Claim in favor of a counterparty to such Executory Contract, such Rejection Claim, if not heretofore evidenced by a timely and properly filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtor, the Estate, the Liquidating Debtor, or their respective properties or interests in property as agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtor and the Liquidating Debtor on or before the date that is third (30) days after then Effective Date. All Allowed Rejection Claims shall be treated as General Unsecured Claims pursuant to the terms of the Plan.

(3) Modifications, Amendments, Supplements, Restatements, or Other Agreements.

Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that

in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

(4) Reservation of Rights.

Nothing contained in the Plan or the Plan Supplement shall constitute an admission by the Debtor or the Liquidating Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtor or the Liquidating Debtor have any liability thereunder.

(5) Full Release and Satisfaction.

Assumption of any Executory Contract pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy related defaults, arising under any assumed Executory Contract at any time before the effective date of the assumption.

G. Procedures for Resolving Contingent, Unliquidated, and Disputed Claims

(1) Prosecution of Objections to Claims

Prior to the Effective Date, the Debtor, and on or after the Effective Date, the Plan Administrator shall have the authority and all requisite standing to File objections to Claims and Interests, and the exclusive authority and standing to settle, compromise, withdraw, or litigate to judgment objections on behalf of the Debtor's Estate to any and all such Claims and Interests, regardless of whether such Claims and Interests are in a Class or otherwise. From and after the Effective Date, the Plan Administrator shall have the sole authority to administer and adjust the Claims Register with respect to Claims and Interests to reflect any such settlements or compromises. No further notice to or action, order, or approval of the Bankruptcy Court with respect to such settlements or compromises entered into with a Holder of any Claim or Interest shall be required.

(2) Allowance of Claims

Prior to the Effective Date, the Debtor, and, on and after the Effective Date, the Plan Administrator, shall have and shall retain any and all rights and defenses that the Debtor had with respect to any Claim or Interest, except with respect to any Claim or Interest deemed Allowed as of the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case prior to the Effective Date (including the Confirmation Order), no Claim or

Interest shall become an Allowed Claim or Allowed Interest unless and until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Case allowing such Claim or Interest.

(3) Estimation of Claims

On and after the Effective Date, the Plan Administrator may, at any time, request that the Bankruptcy Court estimate (i) any Disputed Claim pursuant to applicable law and (ii) any Contingent or unliquidated Claim pursuant to applicable law, in each case regardless of whether the Debtor or Plan Administrator has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to the maximum extent permitted by law as determined by the Bankruptcy Court to estimate any such Disputed Claim, Contingent Claim, or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection.

If the Bankruptcy Court estimates any Disputed Claim, Contingent Claim, or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan, including for purposes of Distributions, and the Plan Administrator may elect to pursue additional objections to the ultimate distribution on such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate distribution on account of such Claim. Notwithstanding Bankruptcy Code section 502(j), in no event shall any Holder of a Claim that has been estimated pursuant to Bankruptcy Code section 502(c) or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before twenty-one (21) days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

(4) Expungement or Adjustment to Claims without Objection

Any Claim that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be marked as satisfied, adjusted or expunged (as applicable) on the Claims Register by the Claims Agent at the direction of the Debtor without an objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court; provided, that the Plan Administrator shall provide thirty (30) days' notice of any of the foregoing modifications to the Claims Register to the Holder of any affected Claim or Interest during which period the Holder may object thereto.

H. Settlement, Exculpation, Releases, Injunction, and Related Provisions

(1) Compromise and Settlement of Claims, Interests and Controversies

Pursuant to Bankruptcy Code section 1123 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 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 of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Plan Administrator may compromise and settle Claims against it and Causes of Action against other Persons.

(2) Injunctions

ALL INJUNCTIONS OR STAYS PROVIDED FOR IN THE CHAPTER 11 CASE UNDER BANKRUPTCY CODE SECTIONS 105 OR 362, OR OTHERWISE, AND IN EXISTENCE ON THE CONFIRMATION DATE SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LATER OF (A) THE EFFECTIVE DATE, OR (B) THE DATE INDICATED IN THE ORDER PROVIDING FOR SUCH INJUNCTION OR STAY. NOTWITHSTANDING THE FOREGOING, NOTHING HEREIN SHALL BE OTHERWISE DEEMED TO MODIFY, LIMIT, AMEND OR SUPERSEDE ANY INJUNCTIONS OR STAYS GRANTED IN THE SALE ORDER.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR TO THE EXTENT NECESSARY TO ENFORCE THE TERMS AND CONDITIONS OF THE PLAN, THE CONFIRMATION ORDER, OR A SEPARATE ORDER OF THE BANKRUPTCY COURT, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST THE DEBTOR SHALL BE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST ANY PROPERTY THAT IS TO BE DISTRIBUTED UNDER THE TERMS OF THE PLAN ON ACCOUNT OF ANY SUCH CLAIMS: (A) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION OR OTHER PROCEEDING; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE, OR ORDER; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE; (D) ASSERTING A SETOFF, RIGHT, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY DEBT, LIABILITY, OR OBLIGATION DUE TO THE DEBTOR; AND (E) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; *PROVIDED, HOWEVER*, THAT SUCH ENTITIES SHALL NOT BE PRECLUDED FROM EXERCISING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN OR THE CONFIRMATION ORDER; *PROVIDED, FURTHER*, THAT THE FOREGOING SHALL NOT APPLY TO ANY ACTS, OMISSIONS, CLAIMS, CAUSES OF ACTION OR OTHER OBLIGATIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN OR ANY DEFENSES THERETO. NOTWITHSTANDING THE FOREGOING, NOTHING HEREIN SHALL BE OTHERWISE DEEMED TO MODIFY, LIMIT, AMEND OR SUPERSEDE ANY INJUNCTIONS OR STAYS GRANTED IN THE SALE ORDER.

(3) Exculpation

UPON THE EFFECTIVE DATE, THE DEBTOR AND ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS AND OTHER PROFESSIONALS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR COMMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR, ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT OR OMISSION IN CONNECTION WITH OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASE, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT OR OMISSION TAKEN IN CONTEMPLATION OF THE RESTRUCTURING AND/OR LIQUIDATION OF THE DEBTOR; *PROVIDED, HOWEVER,* THAT THE FOREGOING “EXCULPATION” SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); *PROVIDED, FURTHER,* THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES IN CONNECTION WITH THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

THE FOREGOING PARAGRAPH SHALL APPLY TO ATTORNEYS TO THE GREATEST EXTENT PERMISSIBLE UNDER APPLICABLE BAR RULES AND CASE LAW.

(4) Estate Releases

PURSUANT TO BANKRUPTCY CODE SECTION 1123(B), AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASED PARTIES SHALL BE DEEMED RELEASED BY THE DEBTOR AND THE ESTATE FROM ANY AND ALL CLAIMS, OBLIGATIONS, DEBTS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (OTHER THAN FOR ILLEGAL CONDUCT, GROSS NEGLIGENCE, BAD FAITH, OR FRAUD), INCLUDING DERIVATIVE CLAIMS ASSERTED OR

ASSERTABLE ON BEHALF OF THE DEBTOR OR THE ESTATE, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT ANY OF THE DEBTOR OR THE ESTATE, AS APPLICABLE, WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT, OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASE, THE FINANCING OF THE CHAPTER 11 CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE PLAN, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTOR OR THE ESTATE. FOR PURPOSES OF THE RELEASES CONTAINED IN THE PLAN, THE PLAN ADMINISTRATOR DEEMED TO BE A SUCCESSOR TO THE ESTATE AND, THEREFORE, IS BOUND BY THE RELEASES CONTAINED IN THE PLAN.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE RELEASE OF THE RELEASED PARTIES BY THE DEBTOR AND THE ESTATE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE RELEASE OF THE RELEASED PARTIES BY THE DEBTOR AND THE ESTATE IS: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR OR THE ESTATE; (C) IN THE BEST INTERESTS OF THE DEBTOR, THE ESTATE AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE, AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (F) A BAR TO THE DEBTOR OR THE ESTATE ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE RELEASE BY THE DEBTOR OR THE ESTATE.

(5) Third Party Releases

EFFECTIVE AS OF THE EFFECTIVE DATE, EACH OF THE RELEASING PARTIES CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASES (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) EACH AND ALL OF THE RELEASED PARTIES, AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL

CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (OTHER THAN FOR ILLEGAL CONDUCT, GROSS NEGLIGENCE, BAD FAITH, OR FRAUD), INCLUDING WITH RESPECT TO ANY RIGHTS OR CLAIMS THAT COULD HAVE BEEN ASSERTED AGAINST ANY OR ALL OF THE RELEASED PARTIES WITH RESPECT TO ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTOR, OR THE ESTATE, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY RELEASED PARTY, THE FINANCING OF THE CHAPTER 11 CASE, THE RESTRUCTURING OR ANY ALLEGED RESTRUCTURING OR LIQUIDATION OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE PLAN, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS (INCLUDING, FOR THE AVOIDANCE OF DOUBT, PROVIDING ANY LEGAL OPINION REQUESTED BY ANY ENTITY REGARDING ANY TRANSACTION, CONTRACT, INSTRUMENT, DOCUMENT, OR OTHER AGREEMENT CONTEMPLATED BY THE PLAN OR THE RELIANCE BY ANY RELEASED PARTY ON THE PLAN OR THE CONFIRMATION ORDER IN LIEU OF SUCH LEGAL OPINION), AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTOR OR THE ESTATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD PARTY RELEASES ARE: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE RELEASING PARTIES; (C) IN THE BEST INTERESTS OF THE DEBTOR, THE ESTATE AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; (F) CONSENSUAL; AND (G) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

(6) Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in the Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

(7) Release of Liens

Except as otherwise provided in the Plan or any contract, instrument, release, 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 Liquidating Debtor and/or the Purchaser. For the avoidance of doubt, except as otherwise provided in the Plan (including the Plan Supplement), all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate, whether expressly addressed or discussed herein or in the Plan, shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

I. Conditions Precedent to Confirmation and Effective Date

(1) Conditions Precedent to Confirmation

The following is the list of conditions precedent to Confirmation:

- a. the Confirmation Order shall be in form and substance reasonably acceptable to the Debtor and FSO;
- b. the proposed Plan Administrator shall have been identified and disclosed; and
- c. the Plan shall not have been materially amended, altered, or modified, unless such material amendment, alteration or modification has been made in accordance with Section 12 of the Plan.

(2) Conditions Precedent to Effective Date

The following is the list of conditions precedent to the Effective Date:

- a. The Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order shall be a Final Order;

- b. the Sale Closing shall have occurred;
- c. no stay of the Confirmation Order shall then be in effect;
- d. the Plan Administrator shall be appointed;
- e. the confirmed Plan shall not have been materially amended, altered, or modified from the Plan, unless such material amendment, alteration, or modification has been made in accordance with Section 12 of the Plan; and
- f. the Debtor shall have Filed a notice of the Effective Date.

(3) Waiver of Conditions

The conditions precedent to Confirmation and conditions precedent to the Effective Date may be waived in whole or in part, in writing, by the Debtor, without further order of the Bankruptcy Court.

(4) Effect of Nonoccurrence of Conditions

If the conditions precedent to the Effective Date are not satisfied or waived, the Debtor may, upon motion and notice to parties in interest, seek to vacate the Confirmation Order; *provided, however*, that notwithstanding the filing of such motion, the Confirmation Order may not be vacated if each of the conditions precedent to the Effective Date are satisfied or waived before the Bankruptcy Court enters an order granting such motion.

If the Confirmation Order is vacated: (a) the Plan is null and void in all respects; and (b) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against the Debtor, or (ii) prejudice, in any manner, the rights of the Debtor or any other party in interest.

J. Retention of Jurisdiction

Following the Confirmation Date and the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- a. to hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
- b. to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- c. to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by Bankruptcy Code section 1142;
- d. to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

- e. to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- f. to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan;
- g. to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Sale Order;
- h. to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- i. to hear any other matter not inconsistent with the Bankruptcy Code;
- j. to enter the Final Decree;
- k. to ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- l. to decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtor which may be pending on the Effective Date;
- m. to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided therein;
- n. to determine any other matters that may arise in connection with or related to the Plan, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Plan;
- o. to determine any other matters that may arise in connection with or related to the Sale Order or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Sale Order;
- p. to enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, releases and rulings entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);
- q. to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and

- r. to resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Case, the Bar Dates, or the Confirmation Hearing for the purpose of determining whether a Claim or Interest is discharged hereunder, or for any other purpose.

VI. MISCELLANEOUS PROVISIONS

A. Amendment or Modification of the Plan

Alterations, amendments, or modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that the Plan, as altered, amended, or modified, satisfies the conditions of Bankruptcy Code sections 1122 and 1123 and the Debtor shall have complied with Bankruptcy Code section 1125. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder. Entry of the Confirmation Order shall mean that all modifications or amendments to the Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

B. Exhibits/Schedules, and Plan Supplement

The Debtor will File the Plan Supplement no later than seven (7) days before the Voting Deadline. The Debtor reserves the right to alter, modify, or amend the Plan Supplement through and to the Confirmation Hearing. All exhibits and schedules to this Disclosure Statement, the Plan, and the Plan Supplement are incorporated into and are part of the Plan as if set forth in full therein.

C. Filing of Additional Documents

On or before the Effective Date, the Debtor may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtor and all Holders of Claims receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

D. Binding Effect of the Plan

Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtor, the Holders of Claims, and their respective successors and assigns. Notwithstanding anything to the contrary herein, (i) nothing in the Plan modifies, alters, or amends the respective rights and obligations of the Debtor or the Purchaser under the Sale Order, the APA, or any other document governing the Sale, and (ii) the 2017 Bond Documents shall continue to govern the rights of and among the Bond Trustee and the beneficial owners of the Bonds.

E. Governing Law

Except as required by the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, the rights and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of Illinois.

F. Time

To the extent that any time for the occurrence or happening of an event as set forth in the Plan falls on a day that is not a Business Day, the time for the next occurrence or happening of said event shall be extended to the next Business Day.

G. Severability

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

H. Revocation

The Debtor reserves the right to revoke and withdraw the Plan prior to the entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, the Plan shall be deemed null and void, and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtor, any other Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtor.

I. Dissolution of the Committee

On the Effective Date, the Committee shall be dissolved and its members deemed released of any continuing duties, responsibilities and obligations in connection with the Chapter 11 Case or the Plan and its implementation, and the retention and employment of the Committee's Professionals shall terminate, except with respect to: (i) any matters concerning Distributions; (ii) prosecuting applications for Professionals' compensation and reimbursement of expenses incurred as a member of the Committee; (iii) asserting, disputing and participating in resolution of Professional Fee Claims; or (iv) prosecuting or participating in any appeal of the Confirmation Order or any request for consideration thereof. Upon the resolution of (i) through (iv), the Committee shall be immediately dissolved, and released.

J. Claims Agent

Stretto, in its capacity as Claims Agent, shall be relieved of such duties on the date of the entry of the Final Decree or upon written notice by the Debtor or Plan Administrator.

K. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained herein, or the taking of any action by the Debtor with respect to the Plan and/or this Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or Holders of Claims before the Effective Date.

L. Inconsistency

To the extent that the Plan conflicts with or is inconsistent with any agreement related to the Plan, the provisions of the Plan shall control; *provided, however*, that nothing in the Plan shall be deemed to supersede, amend, modify the provisions of the Sale Order, the Bid Procedures Order, or the APA. In the event of any inconsistency between any provision of any of the foregoing documents, and any provision of the Confirmation Order, the Confirmation Order shall control and take precedence; *provided, however*, that nothing in the Confirmation Order shall be deemed to supersede, amend, modify the provisions of the Sale Order, the Bid Procedures Order, or the APA.

M. No Admissions

Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission by any Entity with respect to any matter set forth herein.

N. No Discharge

As set forth in Bankruptcy Code section 1141(d)(3), the Plan does not grant the Debtor a discharge. However, notwithstanding the foregoing, except as otherwise provided herein, the rights afforded pursuant to the Plan and the treatment of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor or any of its Assets. All persons and entities shall be precluded from asserting against the Debtor, or any of its Assets, any further Claims and Interests based upon any act, or omission, transaction, or other activity of any kind or nature that occurred before the Effective Date, except as otherwise expressly provided in the Plan.

O. Votes Solicited in Good Faith

Upon entry of the Confirmation Order, the Debtor will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Debtor and its affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code.

P. Notices

All notices of requests in connection with the Plan shall be in writing and given by mail and email addressed as follows:

DOPKE LAW LLC
Attn: Bruce Dopke
1535 W. Schaumburg Road, Suite 204
Schaumburg, Illinois 60194
bd@dopkelaw.com

And

POLSINELLI PC
Attn: Jeremy R. Johnson
600 3rd Avenue, 42nd Floor
New York, New York 10016
jeremy.johnson@polsinelli.com

And

Attn: Trinitee G. Green
1500 N. Riverside Plaza, Suite 3000
Chicago, Illinois 60606
tggreen@polsinelli.com

Q. Headings

The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

R. Validity and Enforceability

The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in the Plan be determined by the Bankruptcy Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of the Plan.

S. Request for Confirmation

The Debtor requests entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

VII. STATUTORY REQUIREMENTS FOR CONFIRMATION

The following is a brief summary of the confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and to consult their own advisors with respect to the summary provided in this Disclosure Statement.

A. Confirmation Hearing

The Bankruptcy Court, after notice, will conduct a hearing on [January 17, 2024 a 11:00 a.m.] to consider Confirmation of the Plan. The Confirmation Hearing may be continued from time to time without further notice other than an adjournment announced in open court or a notice of adjournment filed with the Bankruptcy Court and served on any master service list ordered by the Bankruptcy Court and any entities which filed objections to the Plan, without further notice to parties in interest. The Bankruptcy Court, in its discretion and prior to the Confirmation Hearing, may put in place additional procedures governing the Confirmation Hearing. The Plan may be modified, if necessary, prior to, during, or as a result of the Confirmation Hearing, without further notice to parties in interest.

Any objection to Confirmation of the Plan must: (a) be in writing; (b) conform to the Bankruptcy Rules and applicable Local Rules; (c) state, with particularity, the legal and factual bases for the objection and, if practicable, a proposed modification to the Plan (or related materials) that would resolve such objection; and (d) be filed with the Bankruptcy Court (contemporaneously with a proof of service) and served upon the following notice parties so as to be actually received on or before [January 10, 2024]:

Counsel for the Debtors: (i) Dopkelaw LLC, 1535 W. Schaumburg Road, Suite 204, Schaumburg, Illinois 60194, Attn: Bruce Dopke (Email: bd@dopkelaw.com); and (ii) Polsinelli PC, 150 N. Riverside Plaza, Suite 3000, Chicago, Illinois, 60606 Attn: Jeremy R. Johnson (Email: jeremy.johnson@polsinelli.com) and Trinitee G. Green (Email: tggreen@polsinelli.com);

Counsel for the Committee: Crane, Simon, Clar, & Goodman, 139 S. LaSalle Street, #3950, Chicago, Illinois 60603, Attn: Scott Clar (Email: sclar@cranesimon.com) and Karen Goodman (Email: kgoodman@cranesimon.com);

Counsel for the Bond Trustee: Mintz, Levin Cohn, Ferris, Glovsky and Popeo, P.C. One Financial Center, Boston, MA 02111, Attn: Daniel Bleck (Email: dsbleck@mintz.com) and Tim McKeon (Email: tjmckeon@mintz.com); and

Counsel for the Office of the United States Trustee: 219 South Dearborn Street, Room 873, Chicago, IL 60604, Attn: Jeffrey L. Gansberg (Email: jeffrey.l.gansberg@usdoj.gov).

B. Confirmation Standards

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of Bankruptcy Code section 1129. The Debtor believes the Plan satisfies or will satisfy all of the statutory requirements of Chapter 11 and that it has complied or will have complied with all of the requirements of Chapter 11. Specifically, the Debtor believes the Plan satisfies or will satisfy the applicable confirmation requirements of Bankruptcy Code section 1129, including those set forth below.

(1) Feasibility of the Plan

Pursuant to Bankruptcy Code section 1129(a)(11), among other things, the Bankruptcy Court must determine that Confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtor or any successors to the Debtor under the Plan. This condition is often referred to as the “feasibility” of the Plan. The Debtor believes the Plan satisfies this requirement, to the extent the standard applies to a Chapter 11 plan of liquidation.

Here, the Plan provides for the liquidation and distribution of all the Debtor’s Assets. Accordingly, all Chapter 11 plan obligations will be satisfied without the need for further reorganization of the Debtor

(2) Best Interests Test

Bankruptcy Code section 1129 requires, as a condition to confirmation of a Chapter 11 plan, that each holder of impaired claims or interests receive property with a value not less than the amount such holder(s) would receive in a liquidation carried out under chapter 7 of the Bankruptcy Code. The Debtor believes the Plan satisfies this standard because, among other things, the recoveries expected to be available to Holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation scenario.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor’s assets and to make distributions to creditors in accordance with the priorities established by the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of their collateral. If any assets remain in the bankruptcy estate after satisfaction of secured creditors’ claims from their collateral, administrative expenses are next to be paid. Unsecured creditors are paid from any remaining liquidation proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed claims held by all unsecured creditors with the same priority. Finally, interest holders receive the balance that remains, if any, after all creditors are paid in full.

[Substantially all the Debtor’s Assets have already been approved to be sold to the Purchaser under the Sale Order.] Although a liquidation under chapter 7 of the Bankruptcy Code would have the same goal, the Plan provides the best source of recovery for several reasons. First, liquidation under chapter 7 of the Bankruptcy Code would not provide for a timely distribution and likely no distribution at all for certain creditors. Second, distributions would likely be smaller because of the fees and expenses incurred in a liquidation under chapter 7 of the Bankruptcy Code.

At this time, there are no alternative plans available to the Debtor. Upon the occurrence of the Sale Closing, the Debtor will no longer be a going concern enterprise and will have few assets remaining, if any. Therefore, the Debtor believes that the Plan provides the greatest possible value to all stakeholders under the circumstances and has the greatest chance to be confirmed and consummated

(3) Acceptance by Impaired Class

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. *See* 11 U.S.C. § 1129(a)(8). A class that is not “impaired” under a plan is presumed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. *See* 11 U.S.C. § 1126(f). Pursuant to Bankruptcy Code section 1124, a class is “impaired” unless the plan, among other things: (i) 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 (ii) cures any default, reinstates the original terms of such obligation, and compensates the applicable party in question. *See* 11 U.S.C. § 1124.

Bankruptcy Code section 1126(c) defines acceptance of a plan by a class of impaired creditors as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class that are entitled to vote on the plan, but for that purpose counts only those who actually vote to accept or to reject a plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds (2/3) in amount and a majority in number entitled to vote and actually voting cast their Ballots in favor of acceptance. Bankruptcy Code section 1126(d) defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds (2/3) in amount of those interests who are entitled to vote and actually vote to accept or reject a plan. Votes that have been “designated” under Bankruptcy Code section 1126(e) are not included in the calculation of acceptance by a class of interests. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds (2/3) in amount entitled to vote and actually voting cast their Ballots in favor of acceptance, not counting designated votes. Only Holders in the Voting Classes will be entitled to vote on the Plan. If a Class contains Claims or Interests eligible to vote and no Holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the Debtor shall request that the Bankruptcy Court deem the Plan accepted by the Holders of such Claims or Interests in such Class. Such “deemed acceptance” by an impaired class in which no class members submit ballots satisfies Bankruptcy Code section 1129(a)(10). *See In re Tribune Co.*, 464 B.R. 126, 183 (Bankr. D. Del. 2011) (“Would ‘deemed acceptance’ by a non-voting impaired class, in the absence of objection, constitute the necessary ‘consent’ to a proposed ‘per plan’ scheme? I conclude that it may.” (footnote omitted)); *see In re Adelphia Commc’ns Corp.*, 368 B.R. 14, 259–63 (Bankr. S.D.N.Y. 2007).

(4) Confirmation without Acceptance by All Impaired Classes

Bankruptcy Code section 1129(b) allows a bankruptcy court to confirm a plan if it is accepted by at least one impaired voting class even if other impaired voting classes vote to reject it. Pursuant to Bankruptcy Code section 1129(b), 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 “cram down,” if 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. *See* 11 U.S.C. § 1129(b).

(a) No Unfair Discrimination

The “unfairly discriminates” test under Bankruptcy Code section 1129(b)(1) 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). The Debtor does not believe the Plan discriminates unfairly against any Impaired Class of Claims or Interests. The Debtor believes the Plan and, in particular, the proposed treatment of all Classes of Claims and Interests satisfies the foregoing requirements for nonconsensual confirmation.

(b) Fair and Equitable

The “fair and equitable” test under Bankruptcy Code section 1129(b)(1) and (2) 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 non-accepting class, the test sets different standards depending on the type of claims or interests in such class. As set forth below, the Debtor believes the Plan satisfies the “fair and equitable” requirement because there is no Class of equal priority receiving more favorable treatment and no Class that is junior to such dissenting Class that will receive or retain any property on account of the Claims or Interests in such Class.

Secured Claims. A plan is “fair and equitable” with respect to a non-accepting class of secured creditors if either (i) each holder of an impaired secured claim retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens attaching to the proceeds of the sale and the treatment of such liens on proceeds is as provided in clauses (i) or (ii) above. *See* 11 U.S.C. § 1129(b)(2)(A).

Unsecured Claims. A plan is “fair and equitable” with respect to a non-accepting class of unsecured creditors if either: (i) the plan provides that each holder of a claim in such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan. *See* 11 U.S.C. § 1129(b)(2)(B).

Equity Interests. A plan is “fair and equitable” with respect to a non-accepting class of equity interests if: (i) the plan provides that each holder of an interest in such class receive or retain on account of such interest property of 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, any fixed redemption price to which such holder is entitled, or the value of such interest; or (ii) the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property. *See* 11 U.S.C. § 1129(b)(2)(C).

VIII. RISK FACTORS TO CONSIDER BEFORE VOTING

Prior to voting on the Plan, each Holder entitled to vote should carefully consider the risk factors described below, as well as all of the information contained in the Plan and this Disclosure

Statement, including the exhibits hereto. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

Risk of Non-Confirmation of Plan. Although the Debtor believes the Plan and this Disclosure Statement will satisfy all requirements necessary for approval and Confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for Confirmation or that such modifications would not necessitate a re-solicitation of votes.

Cramdown. Although the Debtor believes that the requirements of Bankruptcy Code section 1129 have been met, the Bankruptcy Court is afforded discretion to determine whether dissenting Holders of Claims would receive more if the Debtor was liquidated under chapter 7 of the Bankruptcy Code.

Claims Estimation. Although the Debtor has undertaken its best efforts to estimate the amount of Claims in each Class is correct, as noted above in Article IV.H of this Disclosure Statement, the actual amount of Allowed Claims may differ from the estimates.

Delays of Confirmation and/or Effective Date. Any delay in Confirmation and the occurrence of the Plan Effective Date could result in, among other things, increased Administrative Expense Claims. These or any other negative effects of delays in Confirmation or effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court.

Alternative Plan. If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate a different plan. However, the additional costs, all of which would constitute Administrative Expense Claims, may be so significant that one or more parties in interest could request that the Chapter 11 Case be converted to chapter 7. Accordingly, the Debtor believes that the Plan enables creditors to realize the best return under the circumstances.

Transaction Risk. If, for any reason, the Purchaser fails to close the Sale on the anticipated timeline, the Debtor would have to consider alternative routes to exit bankruptcy, including, but not limited to, a sale to another party, bond restructuring, or conversion to chapter 7. Among other risk factors that could impact the likelihood of a successful Sale Closing are the closing conditions set forth under Section 6.2 of the Winning Bid APA. Additionally, Residents who reside at the Community as of the date hereof and/or as of the Voting Record Date, will not be treated as a Holder of a Current Resident Claim under the Winning Bid APA unless such Resident continues to reside at the Community to and through the Closing Date.

IX. TAX CONSEQUENCES

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan and this Disclosure Statement to the Debtor and to Holders of Claims. This discussion is based on the Tax Code, Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rules, and pronouncements of the IRS, all as in effect on the date hereof.

Due to the complexity of certain aspects of the Plan and Disclosure Statement, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of

the Claims, and each Holder's status and method of accounting and the potential for disputes as to legal and factual matters with the IRS, the tax consequences described herein are uncertain. No legal opinions have been requested from counsel with respect to any of the tax aspects of the Plan and Disclosure Statement and no rulings have been or will be requested from the IRS with respect to the any of the issues discussed below. Further, legislative, judicial, or administrative changes may occur, perhaps with retroactive effect, which could affect the accuracy of the statements and conclusions set forth below as well as the tax consequences to the Debtor and the Holders of Claims.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtor or the Holders of Claims in light of their personal circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, foreign taxpayers, persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, and persons holding Claims as part of a "straddle," "hedge," "constructive sale," or "conversion transaction" with other investments). This discussion does not address the tax consequences to Holders of Claims who did not acquire such Claims at the issue price on original issue. No aspect of foreign, state, local or estate and gift taxation is addressed.

EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE PLAN AND DISCLOSURE STATEMENT.

A. Tax Consequences to the Debtor

The Debtor is a private foundation, as described in Section 509 of the IRC. Typically, a private foundation is subject to an excise tax on its investment income as set forth in IRC Section 4940, generally at a rate of 1.39%. However, as an exempt operating foundation described in IRC Section 4940(d)(2), with a ruling issued July 9, 1986, the Debtor is exempt from excise taxes imposed under IRC Section 4940. Thus, assuming the Debtor continues to qualify as an exempt operating foundation, the sale of substantially all the Debtor's assets will not cause a tax to be incurred by the estate.

If the Debtor dissolves at the conclusion of the bankruptcy proceedings, the Debtor will be required to comply with IRC Section 507 relating to the termination of its status as a private foundation. Pursuant to IRC Section 507, a private foundation may only terminate its status in a manner described in that section to avoid the imposition of a termination tax. In the instant case, since the Debtor will not have any assets which may be granted/transferred to another qualified organization, it will be required to provide notice to IRS of its intent to terminate pursuant to IRC Section 507(a)(1). Such notice (described below) must be provided once the Debtor no longer has any assets (e.g. at least one (1) day after the last asset is transferred). At that time, because the Debtor will have no assets, the amount of the termination tax pursuant to IRC Section 507(c) will be zero.

When a private foundation terminates its status pursuant to IRC Section 507(a)(1), it must submit a statement to the Manager, Exempt Organizations Determinations, Tax Exempt and Government Entities Division (TE/GE). The statement must set forth in detail the computation and amount of the termination tax. It is customary to also include a copy of the filed certificate of dissolution and, in this case, something evidencing the bankruptcy and lack of assets. The submission of a Form 990-PF marked “Final” does not, in and of itself, satisfy the requirements of Section 507.

B. Tax Consequences to Holders of Claims

Generally, a Holder of a Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the “amount realized” by such Holder in exchange for its Claim and such Holder’s adjusted tax basis in the Claim. The “amount realized” is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a Holder’s Claim. The tax basis of a Holder in a Claim will generally be equal to the Holder’s cost. To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain, or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder’s hands, the purpose and circumstances of its acquisition, the Holder’s holding period of the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder’s hands, any gain or loss realized generally will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one (1) year.

A Holder who received Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan and Disclosure Statement on account of its Claim.

X. RECOMMENDATION

In the opinion of the Debtor, the Plan is superior and preferable to the alternatives described in the Plan and this Disclosure Statement. Further, the value being provided to creditors under the Plan was subject to a competitive process through which parties other than the Purchaser could have provided higher and better bids, but determined, in their reasonable business judgment, that the Purchaser submitted the highest and best bid. Accordingly, the Debtor recommends that Holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation.

Executed this 14th day of November, 2023

/s/ Mike Flynn

Mike Flynn
Chief Executive Officer
Debtor and Debtor in Possession

EXHIBIT 1

Debtor's First Amended Chapter 11 Plan of Liquidation, Dated November 14, 2023

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

IN RE:	§	Chapter 11
	§	
EVANGELICAL RETIREMENT	§	Case No. 23-07541
HOMES OF GREATER CHICAGO,	§	
INCORPORATED d/b/a FRIENDSHIP	§	
VILLAGE OF SCHAUMBURG,	§	
	§	
FEIN: 36-2815382,	§	
	§	
Debtor.	§	Hon. Timothy A. Barnes

**DEBTOR'S FIRST AMENDED CHAPTER 11
PLAN OF LIQUIDATION DATED NOVEMBER 14, 2023**

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COUNSEL TO THE DEBTOR AND
DEBTOR IN POSSESSION

Dated: November 14, 2023

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INTRODUCTION¹

On June 9, 2023, Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg (“**FVS**” or “**Debtor**”) commenced its Chapter 11 Case, seeking relief under Chapter 11 of the Bankruptcy Code. As debtor and debtor-in-possession, the Debtor proposes this Plan pursuant to Bankruptcy Code sections 1125 and 1129 for the resolution of outstanding Claims against, and Interests in, the Debtor.

Reference is made herein to the Disclosure Statement for a discussion of the Debtor’s history and assets, a summary and analysis of this Plan, and certain related matters, including the Distributions to be made under the Plan and the risk factors relating to consummation of this Plan. No materials other than the Disclosure Statement, this Plan, and any and all exhibits and/or schedules attached thereto or hereto have been authorized by the Debtor for use in soliciting votes of acceptance with respect to the Plan.

Copies of the Plan and the Disclosure Statement and all other filed documents related to the Chapter 11 Case are available for review without charge, on the Case Website at <https://cases.stretto.com/FVS/>.

The Plan is a liquidating plan that proposes the sale of substantially all the Debtor’s Assets to the Purchaser, free and clear of all Liens, Claims, encumbrances, or interests. The sale proceeds will be used to satisfy certain Allowed Claims and fund the Plan.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THIS PLAN ARE ENCOURAGED TO READ THIS PLAN AND THE DISCLOSURE STATEMENT FILED CONTEMPORANEOUSLY HERewith IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THIS PLAN.

SECTION 1. DEFINITIONS AND INTERPRETATION

A. Definitions.

The following terms used herein shall have the respective meanings below:

1.1 “*503(b)(9) Claims*” means any Claims arising under Bankruptcy Code section 503(b)(9).

1.2 “*2017 Bond Documents*” means the 2017 Bond Indenture, and any bonds, loan agreement, mortgage, security agreement, document, agreement, or instrument executed or delivered in connection with the issuance of the Series 2017 Bonds, including the 2017 Loan Agreement.

1.3 “*2017 Bond Indenture*” means that certain Bond Trust Indenture, dated December 1, 2017, between the Issuer and Bank of UMB Bank, National Association, as bond trustee, pursuant to which the Series 2017 Bonds were issued.

¹ Capitalized terms used but not defined shall have the meanings ascribed to them in Section 1.A of this Plan.

1.4 “*2017 Loan Agreement*” means that certain Loan Agreement, dated December 1, 2017, by and between the Issuer and FVS, pursuant to which the Issuer loaned the proceeds of the Series 2017 Bonds to FVS.

1.5 “*Administrative Expense Claim*” means any Claim against any Debtor for costs and expenses of administration of the Chapter 11 Case pursuant to Bankruptcy Code sections 503(b), 507(a)(2), or 507(b), including: (a) the actual and necessary costs and expenses incurred on or after the Petition Date until and including the Effective Date of preserving the Estate and operating the Debtor’ business; (b) all Allowed requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Case pursuant to Bankruptcy Code sections 503(b)(3), (4), and (5); (c) all fees and charges assessed pursuant to 28 U.S.C. § 1930(a)(6); and (d) 503(b)(9) Claims.

1.6 “*Administrative Expense Bar Date*” means the date by which Administrative Claims must be Filed, which: with respect to (a) Administrative Expense Claims that are not 503(b)(9) Claims shall be no later than the first Business Day that is thirty (30) days after the Effective Date; and (b) 503(b)(9) Claims, shall be no later than the Claims Bar Date.

1.7 “*Affiliate*” means, with respect to any Entity, an “affiliate” as defined in Bankruptcy Code section 101(2) as if such entity were a debtor.

1.8 “*Allowed*” means with respect to Claims: (a) any Claim, proof of which is timely filed by the applicable Bar Date; (b) any Claim that is listed in the Schedules as not contingent, not unliquidated, and not disputed, and for which no Proof of Claim has been timely filed; or (c) any Claim Allowed pursuant to the Plan or a Final Order of the Bankruptcy Court; provided, that with respect to any Claim described in clauses (a) and (b) above, such Claim shall be considered Allowed only if and to the extent that, with respect to such Claim, no objection to the allowance thereof has been interposed within the applicable period of time, as may be extended by the Bankruptcy Court from time to time, fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or such an objection is so interposed and the Claim shall have been Allowed by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated, or disputed, and for which no Proof of Claim is or has been timely filed, is not considered Allowed and shall be expunged without further action by the Debtor and without further notice to any party or action, approval, or order of the Bankruptcy Court. An Allowed Claim (i) includes a Disputed Claim to the extent such Disputed Claim becomes Allowed after the Effective Date and (ii) shall be net of any valid setoff exercised with respect to such Claim pursuant to the provisions of the Bankruptcy Code and applicable law. Unless otherwise specified in this Plan, Bankruptcy Code section 506(b), or by Final Order of the Bankruptcy Court, “Allowed” Claims shall not, for purposes of Distributions under this Plan, include interest on such Claim accruing from and after the Petition Date.

1.9 “*Amended Schedules Bar Date*” has the meaning given to such term in the Bar Date Order.

1.10 “*APA*” means the form of Asset Purchase Agreement approved by the Sale Order.

1.11 “Assets” means all interests, legal or equitable, in property, real, personal, tangible and intangible, of the Debtor as defined in Bankruptcy Code section 541(a)

1.12 “Assigned Contracts” means the Executory Contracts and Unexpired Leases to be assumed by the Debtor and assigned to the Purchaser, pursuant to the Plan.

1.13 “Assumed Contracts List” means the list of Executory Contracts and Unexpired Leases of the Debtor that the Debtor proposes to assume and assign to the Purchaser, with such assumption and assignment occurring upon the Effective Date. The Assumed Contracts List may be supplemented and/or modified through the Effective Date.

1.14 “Avoidance Actions” means all actions, causes of action, suits, choses in action, and claims of the Debtor and/or the Estate against any entity or Person, whether direct, indirect, derivative, or otherwise arising under Bankruptcy Code section 510 or seeking to avoid a transfer of property or recover property pursuant to Bankruptcy Code sections 542 through 550 or applicable non-bankruptcy law.

1.15 “Ballot” means the ballots upon which holders of Impaired Claims entitled to vote to accept or reject this Plan may indicate their acceptance or rejection in accordance with applicable rules and instructions regarding voting.

1.16 “Bankruptcy Code” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

1.17 “Bankruptcy Court” means the United States Bankruptcy Court for the Northern District of Illinois, having jurisdiction over the Chapter 11 Case or, if the Bankruptcy Court ceases to exercise jurisdiction over the Chapter 11 Case, such court or adjunct thereof that exercises jurisdiction over the Chapter 11 Case in lieu of the United States Bankruptcy Court for the Northern District of Illinois.

1.18 “Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure, as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time.

1.19 “Bar Date Order” means the Bankruptcy Court’s *Order and Notice Granting Amended Motion to Set Last Day to File Proofs of Claim* [Docket No. 148].

1.20 “Bar Date(s)” means the Claims Bar Date, the Governmental Bar Date, the Amended Schedules Bar Date, or the Rejection Damages Bar Date, as applicable; and “Bar Dates” shall be a collective reference to the Claims Bar Date, the Governmental Bar Date, the Amended Schedules Bar Date, and the Rejection Damages Bar Date.

1.21 “Bid Procedures and Sale Motion” means the Debtor’s *Motion for Entry of (I) an Order (A) Approving Bid Procedures in connection with the Sale of Substantially all of the Debtor’s Assets, (B) Approving the Form and Manner of Notice Thereof, (C) Scheduling an Auction and Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granting Related Relief; and (II) an Order (A) Approving the Asset Purchase Agreement between the Debtor and the Successful Bidder, (B) Authorizing the Sale of Substantially All of the*

Debtor's Assets Free and Clear of Liens, Claims, Encumbrances, and Interests, (C) Authorizing the Assumption and Assignment of Contracts, and (D) Granting Related Relief [Docket No. 45].

1.22 “*Board*” means the board of directors of the Debtor as of the Petition Date.

1.23 “*Bond Claims*” means the Series 2017 Bond Claims and the Guaranteed Bond Claims.

1.24 “*Bond Trustee*” means, with respect to the Series 2017 Bonds, (i) UMB Bank, National Association., as bond trustee under the 2017 Bond Indenture and successor master trustee; and (ii) any successor trustee in such capacity.

1.25 “*Bonds*” means the Series 2017 Bonds and the Guaranteed Bonds.

1.26 “*Business Day*” means any day, other than a Saturday, Sunday or “legal holiday” as defined in Bankruptcy Rule 9006(a).

1.27 “*Case Website*” means the Debtor’s website maintained by Stretto at <https://cases.stretto.com/FVS/>.

1.28 “*Cash*” means the legal tender of the United States of America or the equivalent thereof.

1.29 “*Cash Collateral Orders*” means the *Interim Order Granting Emergency Motion for Entry of Interim and Final Orders (I) Granting (A) Replacement Liens and Superpriority Claims; and (B) Adequate Protection; (II) Authorizing Use of Cash Collateral; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* [Docket No. 85]; *Second Interim Order on Emergency Motion for Entry of Interim and Final Orders (I) Granting (A) Replacement Liens and Superpriority Claims and (B) Adequate Protection; (II) Authorizing Use of Cash Collateral; (III) Modifying the Automatic Stay; (IV) Scheduling a Second Interim Hearing; and (V) Granting Related Relief* [Docket No. 152]; and *Final Order (I) Granting (A) Replacement Liens and Superpriority Claims and (B) Adequate Protection; (II) Authorizing Use of Cash Collateral; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief* [Docket No. 207].

1.30 “*Causes of Action*” means any claims, causes of action (including Avoidance Actions), demands, actions, suits, obligations, liabilities, cross-claims, counterclaims, offsets, or setoffs of any kind or character whatsoever, in each case now owned or hereafter acquired by the Debtor and/or its Estate, and in each case, whether known or unknown, Contingent or non-Contingent, matured or unmatured, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, under statute, in contract, in tort, in law, or in equity, or pursuant to any other theory of law, federal or state, whether asserted or assertable directly or derivatively in law or equity or otherwise by way of claim, counterclaim, cross-claim, third party action, action for indemnity or contribution or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Case, including through the Effective Date.

1.31 “*Chapter 11*” means chapter 11 of the Bankruptcy Code.

1.32 “*Chapter 11 Case*” means Case No. 23-07541 commenced by the Debtor and pending in the Bankruptcy Court.

1.33 “*Claim*” means a “claim,” as that term is defined in Bankruptcy Code section 101(5), against the Debtor.

1.34 “*Claims Agent*” means Stretto in its capacity as claims and noticing agent to the Debtor.

1.35 “*Claims Bar Date*” means the general bar date by which entities, other than Governmental Units, shall file Proofs of Claim, October 13, 2023 at 11:59 p.m. Central Time.

1.36 “*Claims Objection Deadline*” means the deadline for objecting to a Claim or Interest asserted against or in the Debtor, which shall be on the date that is the later of (a) 180 days after the Effective Date, and (b) such other date as may be specifically fixed by Order of the Bankruptcy Court.

1.37 “*Claims Register*” means the official register of Claims maintained by the Claims Agent.

1.38 “*Class*” means a category of holders of Claims or Interests as set forth in Section 3 hereof pursuant to Bankruptcy Code section 1122 and 1123(a)(1).

1.39 “*Closing Date*” shall have the meaning set forth in the APA.

1.40 “*CMS*” means Centers for Medicare & Medicaid Services.

1.41 “*Collateral*” means any property or interest in property of the Estate subject to a Lien, charge or other encumbrance to secure the payment or performance of a Claim, which Lien, charge or other encumbrance is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

1.42 “*Committee*” means the official committee of creditors appointed by the U.S. Trustee in the Chapter 11 Case pursuant to Bankruptcy Code section 1102 [Docket No. 88].

1.43 “*Community*” means the continuing care retirement community, located in Schaumburg, Illinois, known as “Friendship Village of Schaumburg.”

1.44 “*Confirmation Date*” means the date on which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Case within the meaning of Bankruptcy Rules 5003 and 9021.

1.45 “*Confirmation Hearing*” means the hearing(s) before the Bankruptcy Court under Bankruptcy Code section 1128 at which the Debtor seeks entry of the Confirmation Order, as such hearing(s) may be adjourned or continued from time to time.

1.46 “*Confirmation Order*” means a Final Order of the Bankruptcy Court confirming the Plan pursuant to Bankruptcy Code section 1129.

1.47 “*Contingent*” means, with respect to any Claim or Interest, or any portion thereof, except as otherwise provided herein, any contingent or unliquidated Claim asserted or which may be asserted against the Debtor.

1.48 “*Corporate Governance Documents*” means the certificates of incorporation, certificates of formation, resolutions, by-laws, and related documents of the Debtor.

1.49 “*Cure*” or “*Cure Claim*” means any Claim (unless waived or modified by the applicable counterparty) against the Debtor based upon defaults under an Executory Contract or an Unexpired Lease assumed by the Debtor under Bankruptcy Code section 365, other than a default that is not required to be cured pursuant to Bankruptcy Code section 365(b)(2).

1.50 “*Cure Notice*” means a notice sent to counterparties to an Executory Contract or Unexpired Lease in connection with the proposed assumption or assumption and assignment of such Executory Contract or Unexpired Lease under the Plan pursuant to Bankruptcy Code section 365, the form and substance of which notice shall be approved by the Bid Procedures and/or the Disclosure Statement Order and shall include: (a) procedures for objecting to proposed assumptions or assumptions and assignments of Executory Contracts and Unexpired Leases, (b) the proposed amount to be paid on account of Cure Claims, and (c) procedures for resolution by the Bankruptcy Court of any related disputes.

1.51 “*Current Resident Claim*” means a Claim of a current Resident that is based on a Residency Agreement.

1.52 “*Current Resident Entrance Fee Program*” means the program described in Section 5.10 of the Winning Bid APA and as may be amended, modified or supplemented before the Sale Closing.

1.53 “*Debtor*” means Evangelical Retirement Homes of Greater Chicago, Incorporated d/b/a Friendship Village of Schaumburg.

1.54 “*Deficiency Claim*” means a Claim for the difference between (i) the aggregate amount of an Allowed Claim and (ii) the value received on account of the portion of such Allowed Claim that is a Secured Claim.

1.55 “*DIP Facility*” means that term loan facility between the Debtor and the DIP Lender, together with any amendments, modifications or supplements thereto, which the Bankruptcy Court approved under the DIP Order.

1.56 “*DIP Facility Claims*” means a Claim held by the DIP Lender for all debts, indebtedness, obligations, covenants, and duties of payment and performance arising under or relating to the DIP Facility.

1.57 “*DIP Lender*” means FSO, in its capacity as the lender under the DIP Facility.

1.58 “*DIP Order*” means the Bankruptcy Court’s *Order Granting Debtor’s Motion for Entry of an Order (I) Authorizing the Debtor to Obtain Unsecured Postpetition*

Financing; (II) Modifying the Automatic Stay; and (III) Granting Related Relief [Docket No. 205], as may be amended from time to time in the Chapter 11 Case.

1.59 “*Disallowed*” means, with respect to any Claim or Interest, or any portion thereof, except as otherwise provided herein, a Claim or Interest, or any portion thereof, that (a) has been disallowed by a Final Order, or (b) (i) is Scheduled at zero, in an unknown amount or as contingent, disputed or unliquidated and (ii) as to which the Bar Date has been established but no Proof of Claim has been timely Filed or deemed timely Filed under applicable law.

1.60 “*Disclosure Statement*” means the Disclosure Statement with respect to Debtor’s First Amended Chapter 11 Plan of Liquidation, as may be modified or amended, accompanying and describing this Plan.

1.61 “*Disclosure Statement Order*” means the order of the Bankruptcy Court approving the Disclosure Statement and solicitation procedures.

1.62 “*Disputed*” means, with respect to any Claim or Interest, or any portion thereof, a Claim or Interest, or any portion thereof, that is not yet Allowed, including (a) any Claim evidenced by a Proof of Claim that, on its face, is contingent or unliquidated; (b) any Claim that is subject to an objection Filed by the Claims Objection Deadline or a request for estimation, in each case that has not been withdrawn, resolved, or ruled on by a Final Order of the Bankruptcy Court; (c) any Claim or Interest scheduled by the Debtor as Contingent, unliquidated or disputed, (d) any Claim or Interest evidenced by a Proof of Claim that amends a Claim or Interest scheduled by the Debtor as Contingent, unliquidated or disputed, and (e) any Claim or Interest that is not an Allowed Claim or Allowed Interest or a Disallowed Claim or a Disallowed Interest; *provided, however*, that Resident Claims are not Disputed on account of being scheduled by the Debtor as Contingent or unliquidated.

1.63 “*Distribution*” means Cash, property, interests in property or other value distributed to holders of Allowed Claims, or their designated agents, under the Plan.

1.64 “*Distribution Record Date*” means the record date for purposes of determining which Holders of Allowed Claims against the Debtor are eligible to receive Distributions under the Plan, which date shall be the first day of the Confirmation Hearing, or such other date that is designated in a Final Order of the Bankruptcy Court.

1.65 “*Effective Date*” means the date that is the first Business Day on which the conditions set forth in Section 10 of this Plan have been satisfied or waived.

1.66 “*Entity*” shall have the meaning set forth in Bankruptcy Code section 101(15).

1.67 “*Entrance Fee Escrow*” means the escrow account maintained by TMI Trust Company, as escrow agent, on behalf of the Residents pursuant to Residency Agreements and Escrow Agreements. The entrance Fee Escrow holds Option Deposits received from Residents on or after April 17, 2023 pursuant to Residency Agreements and Option Agreements.

1.68 “*Entrance Fee Escrow Order*” means the *Order Authorizing the Debtor to (I) Continue to Utilize an Addendum to Certain of Its Contracts Which Allow the Debtor and Its Depositors to Place Certain Deposits into Escrow; and (II) Authorizes the Debtor, Its Depositors, the Escrow Agent Which Administers the Escrow and the Depository Bank Which Holds the Escrowed Funds to Continue to Manage and Perform Their Respective Duties in a Manner Consistent with the Terms of the Addendum and the Escrow Agreement* [Docket No. 84].

1.69 “*Entrance Fees*” means the fees paid by Residents, pursuant to applicable Residency Agreements, as a requirement to obtaining the right to occupy a unit at the Community, which may be fully or partially refundable to Residents, in accordance with the terms of the applicable Residency Agreement.

1.70 “*Escrow Agent*” means TMI Trust Company, in its capacity as the escrow agent with respect to the Entrance Fee Escrow.

1.71 “*Escrow Agreement*” means that certain Escrow Agreement dated as of April 17, 2023, by and among FVS, the Bond Trustee, and TMI Trust Company, as escrow agent.

1.72 “*Estate*” means the estate of the Debtor created by the Chapter 11 Case pursuant to Bankruptcy Code section 541.

1.73 “*Exculpated Party*” means each of: (i) the Debtor, (ii) the Liquidating Debtor, (iii) the Bond Trustee, (iv) FSO, (v) the Issuer, (vi) the Committee, (vii) the DIP Lender, and (viii) with respect to each of the foregoing Entities in clauses (i) through (vii), such Entity and its current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals.

1.74 “*Executory Contract*” means all contracts and leases to which Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

1.75 “*File, Filed or Filing*” means file, filed, or filing with the Bankruptcy Court in the Chapter 11 Case.

1.76 “*Final Decree*” means order entered pursuant to Bankruptcy Code section 350 and Bankruptcy Rule 3022 closing the Chapter 11 Case.

1.77 “*Final Fee Hearing*” means the hearing to be conducted by the Bankruptcy Court to consider approval and allowance of final Professional Fee Claims.

1.78 “*Final Order*” means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Chapter 11 Case that has not been reversed, vacated, or stayed and as to which (i) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such

order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, to petition for certiorari, or to move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rules 59 or 60 of the Federal Rules of Civil Procedure, or Bankruptcy Rules 9023 or 9024, may be filed relating to such order shall not cause such order to not be a Final Order.

1.79 “*First Day Declaration*” means the *Declaration of Mike Flynn, Chief Executive Officer of the Debtor in Support of the Debtor’s First Day Pleadings* [Docket No. 16].

1.80 “*Former Resident*” means a resident who resided at the Community prior to the Petition Date.

1.81 “*Former Resident Claim*” means a Former Resident’s Claim that is based on a Residency Agreement.

1.82 “*Former Resident Proceeds Fund*” means the Cash consideration of \$2,000,000 that the Purchaser requires the Debtor to hold in trust for Distribution to Holders of Former Resident Claims.

1.83 “*General Unsecured Claim*” means any Unsecured Claim that is not: Administrative Expense Claims, Professional Fee Claims, Other Priority Claims, DIP Facility Claims, Intercompany Claims, Current Resident Claims, and Former Resident Claims.

1.84 “*Governmental Bar Date*” means the date by which Governmental Units must file Proofs of Claims, November 17, 2023 at 11:59 p.m. Prevailing Central Time.

1.85 “*Government Unit*” means a “governmental unit” as defined in Bankruptcy Code section 101(27).

1.86 “*Guaranteed Bond Claims*” means any and all Claims in respect of the Guaranteed Bonds.

1.87 “*Guaranteed Bonds*” means the following FSO bonds that are secured by FVS’s Direct Note Obligation, Series 2017 (Illinois Finance Authority): (i) Taxable Bonds, Series 2017A (GreenFields of Geneva Project); (ii) Series 2017B (GreenFields of Geneva Project); and (iii) Series 2017C Bonds (GreenFields of Geneva Project).

1.88 “*Holder*” means the beneficial holder of a Claim or Interest.

1.89 “*Huntley Property*” means the real property located at PIN #02-08-401-018 in the County of Kane in Illinois, which is held in trust for the benefit of the Debtor.

1.90 “*Indemnification Provisions*” means the Debtor’s indemnification provisions in effect as of the Petition Date, whether in the Debtor’s bylaws, certificates of incorporation, other formation, documents, board resolutions, management or indemnification agreements, employment contracts, or otherwise providing a basis for any obligation of the Debtor

to indemnify, defend, reimburse or limit the liability of, or to advance fees and expenses to, any of the Debtor's current and former directors, officers, equity holders, managers, members, employees, accountants, investment bankers, attorneys, other professionals, and professionals of the Debtor, and such current and former directors', officers', and managers' respective Affiliates, each of the foregoing solely in their capacity as such.

1.91 "*Impaired*" means, with respect to a Claim, that such Class of Claims is "impaired" within the meaning of Bankruptcy Code section 1124.

1.92 "*Insider*" means an "insider," as defined in Bankruptcy Code section 101(31).

1.93 "*Intercompany Claim*" means any Claim against the Debtor held by an Affiliate.

1.94 "*Interest*" means any membership interest in the Debtor, whether or not transferable, or any option, warrant, or right, contractual or otherwise, to acquire any such interest.

1.95 "*Issuer*" means the Illinois Finance Authority.

1.96 "*Lien*" means "lien," as defined in Bankruptcy Code section 101(37).

1.97 "*Local Rules*" means the Local Rules of Bankruptcy Procedure for the Northern District of Illinois.

1.98 "*FSO*" means Friendship Senior Options, NFP, the sole member of the Debtor.

1.99 "*Local Rules*" means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Illinois, or any other court having jurisdiction over the Chapter 11 Case.

1.100 "*Management Agreement*" means that certain Exclusive Administrative Services and Personnel Lease Agreement, dated November 13, 2017 between FSO and FVS.

1.101 "*Master Indenture*" means the Third Supplemental Master Indenture together with the Original Master Indenture.

1.102 "*Master Trustee*" means UMB Bank, National Association, as successor to Wells Fargo Bank, National Association, as predecessor master trustee under the Original Bond Documents.

1.103 "*Net Sale Proceeds*" means the sale proceeds of the Sale, less any customary transaction fees and expenses, which for the avoidance of doubt, shall be used to satisfy certain Allowed Claims.

1.104 “*Non-Participating Current Residents*” means the Residents who do not consent to the modification of their Residency Agreements to be assumed by the Debtor and assigned to the Purchaser.

1.105 “*Option Agreement*” means the Addendum to Contract at Friendship Village of Schaumburg, amending the Residency Agreements, entered into on or after April 17, 2023, to incorporate the terms of the Escrow Agreement and conditions for return of new Entrance Fees.

1.106 “*Option Deposits*” means deposits made by Residents that are directed to and held by the Escrow Agent in accordance with the Escrow Agreement and Option Agreements.

1.107 “*Original Bonds*” means, collectively, the Series 2005 Bonds and the Series 2010 Bonds.

1.108 “*Original Bond Documents*” means, collectively, the Original Master Indenture and the Original Mortgage.

1.109 “*Original Master Indenture*” means that Master Trust Indenture, dated July 15, 2005 between FVS and Wells Fargo Bank, National Association, as master trustee.

1.110 “*Original Mortgage*” means that Mortgage and Security Agreement, dated July 15, 2005, as supplemented and amended (the “Original Mortgage”) from FVS, as mortgagor, to Wells Fargo Bank, National Association, as master trustee under the Original Bond Documents.

1.111 “*Other Priority Claim(s)*” means any Claim, other than an Administrative Claim, a Priority Tax Claim, or the DIP Facility Claims, which is entitled to priority under Bankruptcy Code section 507(a).

1.112 “*Other Secured Claim(s)*” means any Secured Claim other than a Bond Claim.

1.113 “*Participating Current Residents*” means the Residents who consent to the modification of their Residency Agreements to be assumed by the Debtor and assigned to the Purchaser.

1.114 “*Person*” means an individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, estate, unincorporated organization, governmental unit, government (or agency or political subdivision thereof), or other entity, including, without limitation, the Debtor.

1.115 “*Petition Date*” means June 9, 2023, the date on which the Debtor filed its voluntary petition for relief commencing the Chapter 11 Case.

1.116 “*Plan*” means this Debtor’s Chapter 11 Plan of Liquidation, dated as of November 14, 2023, including all exhibits, supplements, appendices, and schedules thereto, either in its present form or as the same may be amended, supplemented, or modified from time to time.

1.117 “*Plan Administrator*” means the Person selected by the Debtor and appointed pursuant to Section 5 of the Plan.

1.118 “*Plan Documents*” means the Plan, the Plan Supplement, and all of the exhibits and schedules attached to each of the foregoing.

1.119 “*Plan Supplement*” means the compilation of documents and forms of documents, schedules, and exhibits to this Plan, which shall include, without limitation, the Wind Down Budget, and be filed no later than seven (7) days before the Voting Deadline. The Debtor shall have the right to amend all of the Plan Supplement documents and/or exhibits through the Effective Date.

1.120 “*Priority Tax Claim*” means any Claim of a governmental unit of a kind entitled to priority under Bankruptcy Code section 507(a)(8).

1.121 “*Pro Rata*” shall mean the proportion that the amount of a Claim in a particular Class or Classes bears to the aggregate amount of all Claims in such Class or Classes, unless this Plan otherwise provides.

1.122 “*Professionals*” means all professionals employed in the Chapter 11 Case pursuant to Bankruptcy Code sections 327, 328, and 1103.

1.123 “*Professional Fee Claim*” means a Claim of a Professional for compensation and/or reimbursement of expenses incurred by such Professional through and including the Effective Date.

1.124 “*Professional Fee Claim Bar Date*” means the first Business Day that is fourth-five (45) days after the Effective Date.

1.125 “*Proof of Claim*” means a proof of Claim Filed against the Debtor in the Chapter 11 Case.

1.126 “*Purchaser*” means the winning bidder with respect to substantially all the Assets of the Debtor as set forth under the APA that is approved by the Sale Order.

1.127 “*Refund Obligations*” means any Resident refund obligations that are currently due and owing under the terms of the Residency Agreements, which shall include amounts due and owing to former Residents who are no longer occupying their respective higher level of care units.

1.128 “*Reinstate*,” “*Reinstated*,” or “*Reinstatement*” means with respect to Claims and Interests, that the Claim or Interest shall be rendered Unimpaired in accordance with Bankruptcy Code section 1124.

1.129 “*Rejection Claims*” means any Claim arising from, relating to, the rejection of an Executory Contract or Unexpired Lease pursuant to Bankruptcy Code section 365(a) by the Debtor, as limited, in the case of a rejected Unexpired Lease, by Bankruptcy Code section 502(b)(6).

1.130 “*Rejection Damages Bar Date*” means the date by which Rejection Claims must be Filed, which shall be the latest of: (i) the General Bar Date, (ii) thirty (30) days after the date of the entry of any order authorizing the rejection of the Executory Contract or Unexpired Lease, or (iii) thirty (30) days after the effective date of rejection of such Executory Contract or Unexpired Lease, including pursuant to Bankruptcy Code section 365(d)(4).

1.131 “*Released Parties*” means (i) the Debtor, (ii) the Liquidating Debtor, (iii) the Issuer, (iv) FSO, (v) the Bond Trustee, and (vi) with respect to each of the foregoing Entities in clauses (i) through (v), such Entity and its current and former predecessors, successors and assigns, subsidiaries, affiliates, managed accounts or funds, and all of their respective current and former officers, directors, principals, shareholders, members, partners, managers, employees, attorneys, advisors, accountants, investment bankers, consultants, representatives, management companies, fund advisors, and other professionals.

1.132 “*Releasing Party*” means each Holder who has not chosen, by marking the appropriate box on the Ballot, to opt out of the “Third Party Releases” provided for in Section 9 of this Plan.

1.133 “*Residency Agreements*” means those certain agreements entered into by and between the Residents and the Debtor, including all Assisted Living Residency Agreements, Life Care Agreements, Skilled Nursing Residency Agreements, Memory Care Agreements, and any additional documents related thereto, including any amendments, supplements, or addendums.

1.134 “*Resident*” means a current or former resident of the Community who is a party to a Residency Agreement.

1.135 “*Resident Claim*” means the Claims of Residents arising under a Residency Agreement or for de minimis cash deposits held by the Debtor for Residents for Resident activities at the Property, but excludes any tort or professional liability Claims against the Debtor.

1.136 “*Sale Hearing*” means the hearing held by the Bankruptcy Court to consider the approval of the proposed sale of substantially all the Debtor’s Assets to the Purchaser.

1.137 “*Sale Closing*” means the consummation of the Sale Transaction.

1.138 “*Sale Order*” means the *Order (A) Approving Asset Purchase Agreement Between the Debtor and the Successful Bidder; (B) Authorizing the Sale of Substantially All of the Debtor’s Assets Free and Clear of Liens, Claims, Encumbrances, and Interests; (C) Authorizing the Assumption and Assignment of Designated Contracts, and (D) Granting Related Relief* [Docket No. ---].

1.139 “*Sale Transaction*” means the sale of substantially all the Debtor’s Assets, free and clear of all Liens, Claims, encumbrances and Interests, in accordance with the Bid Procedures Order, which is described in the Disclosure Statement and proposed herein as a means of implementation for the Plan.

1.140 “*Schedules*” means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases, and statements of financial affairs, if any,

filed by the Debtor pursuant to Bankruptcy Code section 521 and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified, or supplemented from time to time.

1.141 “*Secured Claim*” means any Claim against the Debtor: (a) secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to Bankruptcy Code section 553, to the extent of the value of the creditor’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Bankruptcy Code section 506(a) or (b) Allowed as such pursuant to the Plan.

1.142 “*Security*” means “security,” as defined in Bankruptcy Code section 101(49).

1.143 “*Series 2005 Bonds*” means the Series 2005A Bonds and the 2005B Bonds.

1.144 “*Series 2005A Bonds*” means the \$75,500,000 in original aggregate principal amount of the Illinois Finance Authority Revenue Bonds, Series 2005A (Friendship Village of Schaumburg) issued pursuant to the Series 2005 Bond Indenture, which was satisfied with the issuance of the Series 2017 Bonds.

1.145 “*Series 2005B Bonds*” means the \$5,000,000 in original aggregate principal amount of the Illinois Finance Authority Revenue Bonds, Series 2005B (Friendship Village of Schaumburg) Extendable Rate Adjustable Securities issued pursuant to the Series 2005 Bond Indenture, which was satisfied with the issuance of the Series 2017 Bonds.

1.146 “*Series 2010 Bonds*” means the \$33,610,000 in original aggregate principal amount of the Illinois Finance Authority Revenue Bonds, Series 2010 (Friendship Village of Schaumburg), which was satisfied with the issuance of the Series 2017 Bonds.

1.147 “*Series 2017 Bonds*” means the \$122,550,000 aggregate principal amount of Illinois Finance Authority Revenue Bonds, Series 2017 (Friendship Village of Schaumburg) authorized to be issued pursuant to the terms and conditions of the 2017 Bond Indenture.

1.148 “*Series 2017 Bond Claims*” means any and all Claims in respect of the Series 2017 Bonds.

1.149 “*Series 2017 Obligation*” means the \$122,550,000 principal amount Direct Note Obligation, Series 2017-2 (Illinois Finance Authority) of FVS, in substantially the form attached to the Third Supplemental Master Indenture.

1.150 “*Stalking Horse*” means IL CCRC, LLC.

1.151 “*Stalking Horse Bid*” means the bid submitted by the Stalking Horse, as reflected in the Stalking Horse APA filed with the Bankruptcy Court in the Chapter 11 Case on September 15, 2023.

1.152 “*Stalking Horse APA*” means that certain Asset Purchase Agreement by and between the Debtor, as seller, and IL CCRC LLC, as purchaser, dated September 14, 2023, a copy of which is attached to the *Notice of Filing Executed Version of Stalking Horse Asset Purchase Agreement* filed on September 15, 2023

1.153 “*Stretto*” means Stretto, Inc., employed by the Debtor in the Chapter 11 Case pursuant to the *Order Granting Emergency Motion for Entry of an Order (I) Authorizing the Debtor to Retain and Appoint Stretto, Inc. as Claims and Noticing Agent Effective as of the Petition Date; and (II) Approving Notice Procedures and Master Service List* [Docket No. 83] and *Order Granting Motion to Employ Stretto, Inc. as Administrative Advisor for the Debtor Effective as of the Petition Date* [Docket No. 129].

1.154 “*Third Supplemental Master Indenture*” means that Third Supplemental Master Trust Indenture, dated December 1, 2017, supplementing and amending the Original Master Indenture.

1.155 “*Unclaimed Distributions*” means a Distribution that is not claimed by a Holder of an Allowed Claim on or prior to the Unclaimed Distribution Deadline.

1.156 “*Unclaimed Distribution Deadline*” means the first Business Day that is six (6) months after the Effective Date.

1.157 “*Unexpired Lease*” means a lease to which the Debtor is a party that is subject to assumption or rejection under Bankruptcy Code section 365.

1.158 “*Unimpaired*” means, with respect to a Claim, a Class of Claims that is “unimpaired” within the meaning of Bankruptcy Code section 1124.

1.159 “*Unsecured Claim*” means any Claim that is not a Secured Claim.

1.160 “*U.S. Trustee*” means the Office of the United States Trustee for the Northern District of Illinois.

1.161 “*U.S. Trustee Fees*” means all fees and charges assessed against the Estate of the Debtor under 28 U.S.C. § 1930.

1.162 “*Voting Agent*” means Stretto, Inc., in its capacity as solicitation and tabulation agent.

1.163 “*Voting Classes*” means Classes 2, 5A, and 5B.

1.164 “*Voting Deadline*” means the deadline to vote to accept or reject this Plan set forth in the Disclosure Statement or an order of the Bankruptcy Court, as such deadline may be extended or modified from time to time.

1.165 “*Voting Record Date*” means the date for determining which Holders in the Voting Classes are entitled to receive the Disclosure Statement and to vote to accept or reject the Plan.

1.166 “*Wind Down Budget*” means the budget to be included in the Plan Supplement, as agreed upon by the Debtor, the Committee, the Bond Trustee, and FSO, or as ordered by the Bankruptcy Court for (a) costs related to the Debtor’s business operations through the Effective Date; (ii) payment of Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, Allowed Other Priority Claims, and U.S. Trustee Fees; and (iii) costs for the orderly wind down of the Estate in accordance with the Plan.

1.167 “*Wind Down Reserve*” means the amount in Cash that will remain in the Estate from the proceeds of the Sale Transaction pursuant to the Wind Down Budget.

1.168 “*Winning Bid APA*” means the Asset Purchase Agreement by and between the Debtor and IL CCRC LLC, executed on October 24, 2023 and filed in this Chapter 11 Case on October 26, 2023 at Docket No. 292-1.

1.169 “*Winning Bidder*” means IL CCRC LLC.

B. Interpretation: Application of Definitions and Rules of Construction.

Unless otherwise specified, all section or exhibit references in this Plan are to the respective section in, or exhibit to, this Plan, as the same may be amended, waived, or modified from time to time. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Plan as a whole and not to any particular section, subsection, or clause contained therein. A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code. The rules of construction contained in Bankruptcy Code section 102 shall apply to this Plan. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. Unless otherwise provided, any reference in this Plan to an existing document, exhibit, or schedule means such document, exhibit, or schedule as it may have been amended, restated, revised, supplemented, or otherwise modified. If a time or date is specified for any payments or other Distribution under this Plan, it shall mean on or as soon as reasonably practicable thereafter. Further, where appropriate from a contextual reading of a term, each term includes the singular and plural form of the term regardless of how the term is stated and each stated pronoun is gender neutral. In the event of any ambiguity or conflict between this Plan and the Disclosure Statement, the provisions of this Plan shall govern.

C. Computation of Time.

In computing any period of time prescribed or allowed by the terms of this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any references to the Effective Date shall mean the Effective Date or as soon as reasonably practicable thereafter unless otherwise specified herein.

D. Controlling Document.

In the event of an inconsistency between this Plan and the Disclosure Statement, the terms of this Plan shall control in all respects. In the event of an inconsistency between this Plan and the Plan Supplement, this Plan shall control. In the event of an inconsistency between this Plan and the Confirmation Order, the Confirmation Order shall control.

SECTION 2. TREATMENT OF ADMINISTRATIVE CLAIMS, PRIORITY TAX CLAIMS, AND U.S. TRUSTEE FEES

2.1 ***Administrative Expense Claims.*** Except to the extent that a Holder of an Allowed Administrative Expense Claim agrees to a less favorable treatment or has been paid by the Debtor prior to the Effective Date, in full and final satisfaction, settlement, and release of and in exchange for release of each Allowed Administrative Expense Claim, each Holder of an Allowed Administrative Expense Claim will be paid the full unpaid amount of such Allowed Administrative Expense Claim in Cash from the Wind Down Reserve: (a) on the Effective Date or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due or as soon thereafter as is reasonably practicable; (b) if an Administrative Expense Claim is Allowed after the Effective Date, on the date such Administrative Expense Claim is Allowed or as soon thereafter as is reasonably practicable or, if not then due, when such Allowed Administrative Expense Claim is due; or (c) at such time and upon such terms as set forth in an order of the Bankruptcy Court; *provided, however*, that any Administrative Expense Claims that are assumed by the Purchaser pursuant to the APA shall not be an obligation of the Debtor; *provided, further*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor, as debtor-in-possession, or liabilities arising under obligations incurred by the Debtor, as debtor-in-possession, in accordance with the Wind Down Budget and to the extent such obligations are not assumed by the Purchaser, shall be paid by the Debtor in the ordinary course of business, consistent with past practice and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions.

Requests for payment of Administrative Expense Claims must be Filed no later than the applicable Administrative Expense Bar Date. Holders of Administrative Expense Claims that do not File requests for the allowance and payment thereof on or before the applicable Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtor or the Estate.

2.2 ***Professional Fee Claims.*** All Professionals requesting payment or satisfaction of Professional Fee Claims for services rendered before the Effective Date (including compensation requested by any Professional or other entity for making a substantial contribution in the Chapter 11 Case) shall File an application for final allowance of compensation and reimbursement of expenses no later than the Professional Fee Claims Bar Date.

The Final Fee Hearing shall be held as soon as practicable after the Professional Fee Claims Bar Date. The Debtor, through its counsel, shall File a combined notice of the Final Fee Hearing. Such notice shall also be posted on the Case Website, and served upon counsel for the Committee, counsel for Bond Trustee, all Professionals, the U.S. Trustee, and all parties on the Debtor's Bankruptcy Rule 2002 service list.

Allowed Professional Fee Claims shall be paid: (i) as soon as is reasonably practicable following the later of (a) the Effective Date and (b) the date upon which the order relating to any such Allowed Professional Fee Claims is entered by the Bankruptcy Court; or (ii) upon such other terms as agreed by the Holder of such an Allowed Professional Fee Claims. Allowed Professional Fee Claims shall be paid in full in Cash by the Debtor.

2.3 **Priority Tax Claims.** Except to the extent that the Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment with the Debtor, each Holder of an Allowed Priority Tax Claim will receive in full and final satisfaction, settlement, release, and discharge of, and in exchange for, its Allowed Priority Tax Claim an amount of Cash equal to the full unpaid amount of such Allowed Tax Claim on (a) the Effective Date, or (b) the first Business Day after the date which is thirty (30) days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon thereafter as is reasonably practicable. As of the date hereof, Cook County Treasurer's Office has filed a proof of claim asserting taxes in the amount of \$723,856.09.

2.4 **DIP Facility Claims.** The DIP Facility Claims shall be deemed Allowed Administrative Expense Claims in the full amount due and owing under the DIP Order, as of the Effective Date. The DIP Lender is not required to file any Proof of Claim with respect to the DIP Facility Claims, which shall be satisfied in full from Net Sale Proceeds and/or other Cash available on the Effective Date.

2.5 **U.S. Trustee Fees.** All U.S. Trustee Fees due and payable prior to the Effective Date shall be paid by the Debtor on or before the Effective Date in accordance with Bankruptcy Code section 1129(a)(12). On and after the Effective Date, until the earliest of the Chapter 11 Case being closed, dismissed, or converted to a case under Chapter 7 of the Bankruptcy Code, the Plan Administrator shall pay any and all U.S. Trustee Fees when due and payable, and shall File with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the U.S. Trustee.

SECTION 3. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

A. Treatment of Claims and Interests Under the Plan.

3.1 **Classification and Specification of Treatment of Claims.** Pursuant to Bankruptcy Code sections 1122 and 1123(a)(1), Claims are classified for all purposes, including, without express or implied limitation, voting, confirmation and distribution pursuant to this Plan, as set forth herein. A Claim or an 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 or an Interest also is classified in a particular Class for the purpose of receiving Distributions under this Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Except to the extent that the Debtor and a Holder of an Allowed Claim or Allowed Interest, as applicable, agree in writing to less favorable treatment for such Allowed Claim or Allowed Interest, as applicable, such Holder shall receive under the Plan the treatment described below in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Holder's Allowed Claim or Allowed Interest. Unless otherwise indicated, the Holder of an Allowed Claim or Allowed Interest, as applicable, shall receive such treatment on the Effective Date or as soon thereafter as reasonably practicable.

The following table designates the Classes of Claims and Interests in the Debtor and specifies which of those Classes are: (i) Impaired or Unimpaired; (ii) entitled to vote to accept or reject this Plan; and (iii) deemed to accept or reject this Plan.

3.2 *Classes of Claims and Interests.*

Class	Estimated Allowed Claims ²	Treatment & Voting Rights	Estimated Recovery ³
Class 1 – Other Priority Claims	\$410,000.00	Unimpaired, deemed to accept	100%
Class 2 – Bond Claims	\$131,600,000.00	Impaired, entitled to vote	23.3%
Class 3 – Other Secured Claims	\$85,000.00 ⁴	Unimpaired, deemed to accept	100%
Class 4 – Deficiency Claims	TBD ⁵	Impaired, deemed to reject	0%
Class 5A – Participating Current Resident Claims	\$77,894,000.00 ⁶	Impaired, entitled to vote	56.0% ⁷
Class 5B – Non-Participating Current Resident Claims ⁸	\$0.00	Impaired, entitled to vote	0.00%

² These amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in Proofs of Claim or otherwise. The Debtor has not completed its review and analysis of all Claims in the Chapter 11 Case, and objections to such Claims have not been Filed and/or fully litigated and may continue following the Effective Date. Therefore, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated.

³ The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Case. As set forth above, the actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are Allowed by the Bankruptcy Court.

⁴ The estimated amount of the Class 3 Claim held by LEAF Capital Funding, LLC assumes that the value of the collateral is \$85,000, but the Debtor reserves the right to dispute the amount of this Other Secured Claim.

⁵ The Deficiency Claims will be determined by the amount of Net Sale Proceeds available for Distribution to Class 2 and Class 3 Claims, each of which are undersecured Claims.

⁶ This assumes that 100% of Holders of Current Resident Claims will enter into modified Residency Agreements and vote to accept the Plan.

⁷ The estimated percentage recovery is based upon Current Resident Claims that are eligible to participate in the Current Resident Entrance Fee Program and the estimated future recovery associated with their modified Residency Agreements. It is an estimate based on life expectancies, among other factors.

⁸ For purposes of this Disclosure Statement, the Debtor assumes that all Holders of Current Resident Claims will participate by entering into a modified Residency Agreement, which shall be distributed in the Solicitation Packages and attached to Ballots.

Class	Estimated Allowed Claims ²	Treatment & Voting Rights	Estimated Recovery ³
Class 6 – Former Residents Claims	\$20,000,000.00	Impaired, deemed to reject	10.0% ⁹
Class 7 – General Unsecured Claims	\$4,002,000.00	Impaired, deemed to reject	0.00% ¹⁰
Class 8 – Intercompany Claims	\$215,355.00	Impaired, not entitled to vote	0.00%
Class 9 – Interests in Debtor	N/A	Impaired, not entitled to vote	0.00%

3.2.1 Class 1 —Other Priority Claims. Class 1 is Unimpaired and deemed to accept the Plan and, thus, is not entitled to vote on the Plan This Class consists of all Allowed Other Priority Claims, if any such Claims still exist as of the Effective Date. Each Allowed Other Priority Claim shall be in a separate subclass. Except to the extent that a Holder of an Allowed Other Priority Claim and the Debtor agree in writing to less favorable treatment of such Holder’s Allowed Other Priority Claim, each Holder of an Allowed Other Priority Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Other Priority Claim: (a) payment in full, in Cash, on the later of (i) the Effective Date; or (ii) the date such Other Priority Claim is Allowed; (b) payment in the ordinary course of business between the Debtor and the Holder of such Allowed Other Priority Claim; or (c) payment at such time and upon other terms as the Debtor and the Holder of such Allowed Other Priority Claim may agree.

3.2.2 Class 2 —Bond Claims. Class 2 is Impaired and entitled to vote on the Plan. This Class consists of the Bond Claims. Upon the terms and subject to the conditions set forth in the Plan, in full and final satisfaction, settlement, release, and discharge of the Allowed Bond Claims against the Debtor, the Bond Trustee shall receive, on behalf of the Holders of the Allowed Bond Claims, (i) on the Effective Date or as soon as practicable thereafter, the Net Sale Proceeds, subject to the amounts required to satisfy other Allowed Claims and fund the Wind Down Reserve; and (ii) any funds remaining in the Wind Down Reserve after payments of applicable obligations. All Distributions made on account of the Bond Claims shall be paid to the Bond Trustee, and the 2017 Bond Trustee shall make further Distributions to the holders of the Bonds as set forth in the 2017 Bond

⁹ The proposed Sale Transaction, which is the primary means for implementation of the Plan, provides for \$2 million to be held in escrow or trust for the benefit of Holders of Class 6 Former Resident Claims. The Plan Administrator will cause the Former Resident Proceeds Fund to be distributed Pro Rata to such Holders.

¹⁰ Class 7 General Unsecured Claims will include any Rejection Claims that arise as a result of a Holder of a Current Resident Claim electing not to consent to be bound by the terms of a modified Residency Agreement and, thus, causing their Residency Agreement to be rejected.

Documents. In addition to the foregoing and as allowed by the Final Cash Collateral Order, the Bond Trustee may apply any and all funds in its possession as set forth in the 2017 Bond Documents free from the automatic stay imposed by Bankruptcy Code section 362.

3.2.3 Class 3 — Other Secured Claims. Class 3 is Unimpaired and deemed to accept the Plan and, thus, is not entitled to vote on the Plan. Except to the extent that a Holder of an Allowed Other Secured Claim and the Debtor agree in writing to less favorable treatment of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall receive, in full and complete satisfaction, settlement, discharge, and release of, and in exchange for, its Allowed Other Secured Claim: (a) payment in full, in Cash, of the unpaid portion of its Allowed Other Secured Claim on the following: (i) if such Allowed Other Secured Claim is Allowed as of the Effective Date, the Effective Date or as soon thereafter as reasonably practicable (or, if payment is not then due, the date such Allowed Other Secured Claim becomes due and payable, or as soon thereafter as is reasonably practicable); and (ii) if such Allowed Other Secured Claim is not Allowed as of the Effective Date, the date such Other Secured Claim is Allowed or as soon as reasonably thereafter practicable; (b) a Distribution of such Collateral securing the Other Secured Claim; (c) a Distribution of the proceeds of the sale or disposition of such Collateral securing the Other Secured Claim; and (d) such other treatment as the Debtor and the Holder of such Allowed Other Secured Claim may agree.

3.2.4 Class 4 — Deficiency Claims. Class 4 is Impaired and deemed to reject the Plan. This Class consists of all Deficiency Claims. There will be no Distribution to holders of Allowed Deficiency Claims.

3.2.5 Class 5A — Participating Current Resident Claims. Class 5A is Impaired and entitled to vote on the Plan. This Class consists of all Participating Current Resident Claims, to the extent such Residents are residing at the Community on the Closing Date,¹¹ shall have the right to enter into a new or amended agreement such that their Residency Agreements will be effectively assumed on modified terms. Certain Participating Current Residents will be eligible to participate in the Current Resident Entrance Fee Program described in Section 5.10 of the Winning Bid APA. As more fully set forth therein, following the Sale Closing, Participating Current Residents, if applicable, will receive, a partial recovery of the refundable portion of the Entrance Fees under their respective Residency Agreements in Cash payment from the Purchaser, with such recovery amount depending on the number of years that the Participating Current Resident resides at the Community.

3.2.6 Class 5B — Non-Participating Current Resident Claims. Class 5B is Impaired and entitled to vote on the Plan. This Class consists of all Non-

¹¹ Under the Winning Bid APA, Residents who reside at the Community on the Closing Date, rather than the Petition Date, are Current Residents who will be eligible to participate in the Current Resident Entrance Fee Program described in Section 5.10 of the Winning Bid APA. For the avoidance of doubt, if a Resident is a Current Resident, as defined under the Plan (meaning such Resident resides at the Community on the Petition Date), but such resident does not reside at the Community as of the Closing Date, such Resident shall be treated as a Former Resident under the Winning Bid APA, which means such Resident will be treated as a Holder of a Class 6 Claim.

Participating Current Resident Claims. Holders of Class 5B Claims will not be eligible to participate in the Current Resident Entrance Fee Program, will not receive a Distribution, and will not be permitted to continue to reside at the Community after the Sale Closing. Rejection Claims that arise as a result of the rejection of the applicable Residency Agreements shall be treated as Class 7 General Unsecured Claims, in the manner set forth below.

3.2.7 Class 6 — Former Resident Claims. Class 6 is Impaired and deemed to reject the Plan. This Class consists of all Former Resident Claims. There will be no Distribution to holders of Allowed Former Resident Claims.¹² Rejection Claims that arise as a result of the rejection of the applicable Residency Agreements shall be treated as Class 7 General Unsecured Claims, in the manner set forth below.

3.2.8 Class 7 — General Unsecured Claims. Class 7 is Impaired and deemed to reject the Plan. This Class consists of all General Unsecured Claims. There will be no Distribution to holders of Allowed General Unsecured Claims.

3.2.9 Class 8 — Intercompany Claims. Class 8 is Impaired and not entitled to vote to accept or reject the Plan. This Class consists of FSO's Intercompany Claim. There will be no Distribution to FSO on account of its Intercompany Claim(s).

3.2.10 Class 9 — Interests in Debtor. Class 9 is Impaired and deemed to reject the Plan. This Class consists of Interests of the Debtor, which are held by FSO as the sole member of the Debtor. On the Effective Date, Interests of the Debtor shall be terminated.

3.3 ***Acceptance or Rejection of this Plan.***

3.3.1 Acceptance by an Impaired Class. In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted the Plan if this Plan is accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

3.3.2 Presumed Acceptance of this Plan. Classes 1 and 3 are not Impaired under this Plan and are, therefore, conclusively presumed to have accepted this Plan pursuant to Bankruptcy Code section 1126(f).

3.3.3 Presumed Rejection of this Plan. Classes 4, 6, 7, and 8 are Impaired under this Plan and will receive no Distributions and, thus, are conclusively presumed to have rejected this Plan pursuant to Bankruptcy Code section 1126(g).

¹² The proposed Sale Transaction, the primary means for implementation of the Plan, provides for the Purchaser to contribute \$2 million to be held in escrow or trust for the benefit of Holders of Former Resident Claims in Class 6. The Plan Administrator will cause the Former Resident Proceeds Fund to be distributed Pro Rata to Holders of Former Resident Claims.

3.3.4 Voting Class. Classes 2, 5A, and 5B are Impaired under this Plan and are entitled to vote to accept or reject this Plan.

3.4 ***Subordinated Claims***. The allowance, classification, and treatment of all Allowed Claims and Interests and the respective Distributions and treatments under the Plan take into account the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, Bankruptcy Code section 510(b), or otherwise. For purposes of Bankruptcy Rule 7001(8), the Plan provides for subordination. The Plan Administrator, as set forth herein, shall have the right to request to subordinate any Claim in accordance with any contractual, legal, or equitable subordination relating thereto under the Bankruptcy Code. Subordinated Claims shall not receive a Distribution under the Plan until any and all senior Allowed Claims are paid in full.

3.5 ***Cramdown***. If all applicable requirements for confirmation of the Plan are met as set forth in Bankruptcy Code section 1129(a) except subsection (8) thereof, the Debtor shall request that the Bankruptcy Court confirm the Plan in accordance with Bankruptcy Code section 1129(b) on the bases that the Plan is fair and equitable and does not discriminate unfairly with respect to each Class of Claims or Interests that is Impaired hereunder, and has not accepted or is deemed to reject, the Plan.

SECTION 4. MEANS FOR IMPLEMENTATION AND EFFECTIVE DATE OF THIS PLAN

4.1 *Implementation of this Plan*

4.1.1 Sale Transaction. Consistent with the APA, substantially all the Assets in the Estate shall be sold to the Purchaser, free and clear of all Liens, Claims, Encumbrances, and Interests pursuant to Bankruptcy Code section 1123(a)(5)(D), with all such Liens, Claims, Encumbrances and Interests attaching automatically to the Net Sale Proceeds in the same manner, extent, validity and priority as existed on the Closing Date. Net Sale Proceeds will be distributed pursuant to the Plan.

4.1.2 Transfer of Net Sale Proceeds. The Bond Trustee shall receive the following on account of the Bond Claims on the Effective Date, or as soon as practicable thereafter, the Net Sale Proceeds of the Sale, less any amounts required to be distributed to (i) certain other Allowed Claims, and (ii) fund the Wind Down Budget; provided that any funds remaining in the Wind Down Reserve shall be paid to the Bond Trustee in accordance with the treatment of Allowed Bond Claims as set forth herein. All Distributions made on account of the Bond Claims shall be paid to the Bond Trustee, and the Bond Trustee shall make further distributions to the Holders of the Bonds in accordance with the 2017 Bond Documents.

4.1.3 Resident Matters. Pursuant to the APA and Sale Order, and as more fully described in Section 4 of the Plan, on the date of the Sale Closing, the Debtor will reject all Residency Agreements between the Debtor and Former Residents and the Purchaser will offer modified Residency Agreements to Residents who reside at the

Community as of the Closing Date, converting the Residency Agreements into monthly rental agreements.¹³ The Debtor will assume and assign to Purchaser the modified Residency Agreements, and the Purchaser will honor a portion of the Debtor's Refund Obligations to Participating Current Residents in accordance with the terms of the modified Residency Agreements and the APA. The Residency Agreements of Non-Participating Current Residents will be rejected. Although Former Residents' Residency Agreements will be rejected, the Purchaser requires the Debtor to hold in trust a portion of the Cash consideration to be paid to Former Residents on a Pro Rata basis. Thus, each Holder of a Former Resident Claim will receive their Pro Rata share of the Former Resident Proceeds Fund, and any Current Resident who is no longer residing at the Community on the Closing Date will be treated as a Former Resident under the Plan. For the avoidance of doubt, the Petition Date will not be the outcome determinative date with respect to whether a Resident will be eligible to participate in the Current Resident Entrance Fee Program.

As of the date hereof, the Entrance Fee Escrow, which is maintained by the Debtor for the benefit of certain residents, holds approximately \$5,300,000 in funds anticipated to be disbursed back to those Residents on the Effective Date or as reasonably practicable thereafter

As soon as practicable following the Sale Closing, the Plan Administrator will cause the Escrow Agent to disburse the funds from the Entrance Fee Escrow in the following order of priority: (i) first, returning deposits and Entrance Fees to Residents irrespective of whether such Resident elects to continue to reside at the Community; and (ii) second, to the Debtor and/or the Plan Administrator to constitute Cash on hand available to the Debtor to make certain transactions required on or about the Effective Date.

4.1.4 Wind Down Budget. Pursuant to the Wind Down Budget, dependent on the date of the Sale Closing, an amount of Cash will remain in the Estate to: (a) fund operations through the Effective Date; (b) pay Allowed Administrative Expense Claims, Allowed Professional Fee Claims, Allowed Priority Tax Claims, U.S. Trustee Fees, Allowed Other Secured Claims, and Allowed Other Priority Claims; and (c) provide funding for the Plan Administrator to conduct an orderly wind down of the Estate in accordance with the Plan. The remaining balance of the Wind Down Reserve, if any, will be transferred to the Bond Trustee upon entry of the Final Decree.

4.1.5 Corporate Action; Effectuation Documents. On the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects (whether to occur before, on, or after the Effective Date). All matters provided for in the Plan shall be deemed to have occurred and shall be in effect, without any requirement of further action by the trustees or officers of the Debtor.

The Board shall remain intact until the Debtor is dissolved, as set forth more fully below. All corporate action shall be taken in accordance with the Corporate Governance

¹³ Holders of Current Resident Claims will have the opportunity to agree to enter into a modified Residency Agreement when casting Ballot with respect to the Plan.

Documents. Upon the dissolution of the Debtor, the officers and trustees of the Board shall be deemed to have resigned to the extent permissible under applicable law.

The officers and trustees of the Debtor shall be authorized to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such other actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan.

4.1.6 Dissolution of Debtor. Debtor shall not be a reorganized debtor. Upon the Effective Date, the Debtor shall be deemed to be dissolved without any further action by the Debtor or the Bankruptcy Court, including the filing of any documents with the secretary of state of Illinois. The Plan shall constitute a decree of dissolution with respect to the Debtor. For the avoidance of doubt, Debtor shall be deemed to remain intact solely with respect to the preparation, filing, review, and/or resolution of applications and motions to be filed following the Effective Date for, among other things, the assertion of Professional Fee Claims or to satisfy any obligations of the Debtor contained in the Asset Purchase Agreement or related documents.

4.1.7 Section 1146 Exemption. To the fullest extent permitted under Bankruptcy Code section 1146, the issuance, transfer or exchange of any security under or pursuant to the Plan, and the execution, delivery, or recording of any instrument of transfer under or pursuant to the Plan, and the revesting, transfer, or sale of any property of or to the Bond Trustee or the Purchaser at the Sale shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any county, city or other Governmental Unit in which any instrument hereunder is to be recorded in accordance with the Plan shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, stamp tax, transfer tax, mortgage recording tax, intangible tax, or similar tax.

4.2 ***Effective Date***

The Effective Date shall not occur until the date of Sale Closing and the other conditions for the Effective Date are satisfied or otherwise waived in accordance with the terms of the Plan. As soon as reasonably practicable following the occurrence of the Effective Date, the Debtor shall File notice of the Effective Date, which shall also be posted on the Case Website.

SECTION 5. THE PLAN ADMINISTRATOR

5.1 ***Distributions***

All Distributions under the Plan shall be made by the Plan Administrator.

5.2 ***Retention of Assets and Liabilities***

After the Effective Date, in accordance with the Plan, the Debtor shall retain proceeds of the Sale for the sole purpose of satisfying Allowed Professional Fee Claims. Any remaining sale

proceeds, other Cash available, and/or other assets available (collectively, the “**Remaining Assets**”) shall be transferred to the Plan Administrator to satisfy obligations of the Debtor’s Estate, including, without limitation, the payment of any Allowed Administrative Expense Claims.

5.3 *Plan Administrator*

5.3.1 Appointment of the Plan Administrator. A Plan Administrator shall be selected by the Debtor no later than seven (7) days prior to the Voting Deadline, and upon the Effective Date shall serve in accordance with the Plan. The Plan Administrator shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. No later than seven (7) days prior to the Voting Deadline, the Debtor shall file in the Bankruptcy Court a notice identifying the Plan Administrator, and any party may obtain a copy of such notice by contacting Stretto.

5.3.2 Establishment of the Plan Administrator. On the Effective Date, the Plan Administrator shall be established. On the Effective Date, the Plan Administrator will control the funds in the Wind Down Reserve for Distributions on account of Allowed Claims in accordance with the Plan.

5.3.3 Duties of the Plan Administrator. The Plan Administrator shall (i) be a representative of the Estate pursuant to Bankruptcy Code section 1123, (ii) have the rights and powers set forth in the Plan, and (iii) be governed in all things by the terms hereof. The Plan Administrator shall have reasonable access to the Debtor’s books and records on reasonable prior notice to the Purchaser or its designee. Subject to the terms and limitations of the Plan, the Plan Administrator shall be authorized, empowered, and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising hereunder, including, without limitation, to (i) act as a trustee for and administer the Remaining Assets, (ii) take any action necessary to transfer the Remaining Assets to the Plan Administrator and, to the extent deemed feasible by the Plan Administrator, dissolve the Debtor in accordance with the Plan and applicable law, (iii) retain attorneys, advisors, and other Professionals as may be necessary and appropriate to perform the duties required of, and the obligations assumed by, the Plan Administrator under the Plan, without the need for prior court approval, (iv) execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Plan Administrator, (v) open, maintain, and administer bank accounts as necessary to discharge the duties of the Plan Administrator under the Plan, (vi) administer, sell, liquidate, or otherwise dispose of the Remaining Assets in accordance with the Plan, (vii) file and prosecute objections to, and negotiate, settle, or otherwise resolve, any and all Disputed Claims, (viii) serve as the Estate’s representative before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Plan Administrator, (ix) prepare and file quarterly financial reports after the Effective Date, (x) comply with applicable orders of the Bankruptcy Court and any other Court of competent jurisdiction over the matters set forth herein, and all applicable laws and regulations concerning the matters set forth herein, (xi) prepare any audits, and (xii) administer Option Deposits. Notwithstanding anything to the contrary in the Plan, this Disclosure Statement or any other documents or Order, the Plan Administrator shall not assume any obligations with respect

to, and shall have no responsibility or obligation to take any action or steps with respect to, any retirement or benefits plan (whether ERISA qualified or not) of the Debtor, and shall have no liability in connection with any such plans.

5.3.4 Accounting and Reporting. The Plan Administrator shall maintain an accounting of receipts and disbursements with respect to the Plan Administrator, which shall be open to inspection and review by the Bankruptcy Court and any Holder of an Allowed Claim or its respective Professionals, upon reasonable notice to the Plan Administrator. After the Effective Date, the Plan Administrator shall serve the U.S. Trustee with, and shall file with the Bankruptcy Court, a quarterly financial report for each quarter (or portion thereof) that the Chapter 11 Case remains open, as well as a final financial report after the Bankruptcy Court enters a Final Decree closing the Chapter 11 Case.

5.3.5 Plan Administrator Expenses. The Plan Administrator may, in the ordinary course of business and without the necessity for any application to, or approval of, the Bankruptcy Court, pay any accrued but unpaid reasonable and documented expenses of the Plan Administrator from the Remaining Assets.

5.3.6 Retention of Professionals. Attorneys, advisors, and any other Professional retained by the Plan Administrator shall submit to the Plan Administrator periodic statements for all reasonable compensation for services rendered, and reimbursement for actual and necessary expenses incurred, by such Professionals. The Plan Administrator shall have twenty-one (21) days to object to any such statement. If an objection is received by a Professional and cannot be promptly resolved by such professional and the Plan Administrator, the dispute shall be submitted by the Plan Administrator to the Bankruptcy Court for adjudication. The Bankruptcy Court shall retain jurisdiction to adjudicate any such objection. If no objection is raised to a statement within the twenty-one (21) day period, such statement shall be promptly paid by the Plan Administrator.

5.3.7 Termination of the Plan Administrator. The Plan Administrator shall be terminated upon the earlier of (a) the three (3) year anniversary of the Effective Date or (b) the entry by the Bankruptcy Court of a Final Decree closing the Chapter 11 Case and submission by the Plan Administrator of the final financial report to the Bankruptcy Court. On or prior to the date of termination of the Plan Administrator, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Plan Administrator for cause shown. The Plan Administrator may resign at any time by giving the U.S. Trustee at least thirty (30) days' written notice of the Plan Administrator's intention to do so, in which case the resignation shall be effective on the thirtieth day following issuance of such notice or such other date agreed to by the U.S. Trustee. In the event of a resignation, the resigning Plan Administrator shall render to the successor Plan Administrator an accounting of monies and assets received, disbursed, and held during the term of office of the resigning Plan Administrator. Upon the resignation or termination of the Plan Administrator prior to the three (3) year anniversary of the Effective Date or entry by the Bankruptcy Court of a Final Decree closing of the Chapter 11 Case, the U.S. Trustee shall appoint a successor Plan Administrator; *provided, however*, that the U.S. Trustee shall file with the Bankruptcy Court a notice of the appointment of such successor. In the event

of a resignation of the Plan Administrator, the resigning Plan Administrator shall be entitled to payment of all compensation earned by the Plan Administrator through and including the effective date of such resignation.

5.3.8 Limitation on Liability. No recourse shall ever be had, directly or indirectly, against the Plan Administrator or its officers, directors, agents, employees, attorneys, advisors, or other professionals by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge, or note, or upon any promise, contract, instrument, undertaking, obligation, covenant, or agreement whatsoever executed by the Plan Administrator under the Plan or by reason of the creation of any indebtedness by the Plan Administrator under the Plan and for any purpose authorized by the Plan. All such liabilities, covenants, and agreements of the Plan Administrator, its respective officers, directors, agents, employees, attorneys, advisors, or other Professionals, whether in writing or otherwise, under the Plan shall be enforceable, if at all, only against, and shall be satisfied only out of, the Remaining Assets. Every undertaking, contract, covenant or agreement entered into in writing by the Plan Administrator shall provide expressly against the personal liability of the Plan Administrator. The Plan Administrator and its officers, directors, agents, employees, attorneys, advisors and other Professionals shall not be liable for any act they may do, or omit to do, hereunder in good faith and in the exercise of their respective best judgment and the fact that such act or omission was advised, directed, or approved by an attorney acting as counsel for the Plan Administrator shall be conclusive evidence of such good faith and best judgment; *provided, however*, that this Section shall not apply to any bad faith, fraud, gross negligence, or willful misconduct by the Plan Administrator or its officers, directors, agents, employees, attorneys, advisors, or other professionals.

5.3.9 Reliance on Documents. The Plan Administrator may rely, and shall be protected in acting or refraining from acting, upon any certificates, opinions, statements, instruments, or reports believed by it to be genuine and to have been signed or presented by the proper entity, including, without limitation, claims lists and data provided to the Plan Administrator by the Claims and Balloting Agent or the Debtor, upon which the Plan Administrator shall base Distributions.

5.4 ***Rights and Powers of Plan Administrator***

Except as otherwise set forth in the Plan, the Plan Administrator shall be empowered to (i) effect all actions and execute all agreements, instruments, and other documents necessary to perform its duties under the Plan, (ii) establish, as necessary, disbursement accounts for the deposit and Distribution of all amounts distributed under the Plan; (iii) make Distributions in accordance with the Plan, (iv) object to Claims, as appropriate, (v) employ and compensate professionals to represent it with respect to its responsibilities, (vi) assert any of the Debtor's claims, Causes of Action, rights of setoff, or other legal or equitable defenses, and (vii) exercise such other powers as may be vested in the Plan Administrator by order of the Bankruptcy Court pursuant to the Plan, or as deemed by the Plan Administrator to be necessary and proper to implement the provisions hereof. Except as otherwise set forth in the Plan, the Plan Administrator may take any and all actions that it deems reasonably necessary or appropriate to defend against any Claim, including, without limitation, the right to: (a) exercise any and all judgment and discretion with respect to the

manner in which to defend against or settle any Claim, including, without limitation, the retention of professionals, experts, and consultants and (b) enter into a settlement agreement or agreements; provided, that such settlement is entered into by the Plan Administrator in good faith.

5.5 *Post-Confirmation Expenses of the Plan Administrator*

The Plan Administrator shall receive reasonable compensation for services rendered pursuant to the Plan without further order. In addition, except as otherwise ordered by the Bankruptcy Court, the amount of reasonable fees and expenses incurred by the Plan Administrator on or after the Effective Date (including, without limitation, reasonable attorney and professional fees and expenses) shall be paid without further order.

SECTION 6. PROVISIONS GOVERNING DISTRIBUTIONS UNDER THIS PLAN

6.1 *Timing and Calculation of Amounts to Be Distributed*

Except as otherwise provided in this Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each holder of an Allowed Claim against the Debtor shall receive the full amount of the Distributions that this Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under this Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, Distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in this Plan. Except as otherwise provided for in this Plan, holders of Claims shall not be entitled to interest, dividends, or accruals on the Distributions provided for herein, regardless of whether such Distributions are delivered on or at any time after the Effective Date.

6.2 *Method of Payment*

Unless otherwise expressly agreed in writing, all Cash payments to be made pursuant to the Plan shall be made by check drawn on a domestic bank or an electronic wire.

6.3 *Objections to and Resolutions of Claims*

The Plan Administrator shall have the right to file objections to Claims after the Effective Date. All objections shall be litigated to entry of a Final Order; *provided, however*, that only the Plan Administrator shall have the authority to compromise, settle, otherwise resolve, or withdraw any objections without approval of the Bankruptcy Court.

6.4 *Claims Objection Deadline*

The Plan Administrator and any other party in interest to the extent permitted pursuant to Bankruptcy Code section 502(a), shall file and serve any objection to any Claim no later than the Claims Objection Deadline; *provided, however*, that the Claims Objection Deadline may be

extended by the Bankruptcy Court from time to time upon notice of motion by the Plan Administrator for cause.

6.5 *No Distribution Pending Allowance*

Notwithstanding any other provision of the Plan, no payment or Distribution of Cash or other property shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order or as otherwise permitted by the Plan. Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date (but that later become Allowed Claims), shall be deemed to have been made on the Effective Date. Notwithstanding any other provision of the Plan and except as may be agreed to by the Debtor, the Liquidating Debtor, or the Plan Administrator, as applicable, on the one hand, and the holder of a Disputed Claim, on the other hand, no partial payments and no partial Distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

6.6 *Escrow of Cash Distributions*

On any date that Distributions are to be made under the terms of the Plan, the Plan Administrator shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash or property that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto. The Plan Administrator shall also segregate any interest, dividends, or proceeds of such Cash. Such Cash, together with any interest, dividends, or proceeds thereof, shall be held in trust for the benefit of the Holders of all such Disputed Claims pending determination of their entitlement thereto.

6.7 *Distribution After Allowance*

Except as otherwise provided herein, within the later of (i) seven (7) Business Days after a Claim becomes an Allowed Claim and (ii) thirty (30) days after the expiration of the Claims Objection Deadline, the Plan Administrator shall distribute all Cash or other property, including any interest, dividends, or proceeds thereof, to which a Holder of an Allowed Claim is then entitled.

6.8 *Investment of Segregated Cash and Property*

To the extent practicable, the Plan Administrator may invest any Cash or other property segregated on account of a Disputed Claim, undeliverable distribution, or any proceeds thereof (i) in a manner that will yield a reasonable net return taking into account the safety of the investment or (ii) in any manner permitted by Bankruptcy Code section 345; *provided, however*, that the Plan Administrator shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property, or proceeds.

6.9 ***Delivery of Distributions***

Except as provided herein, Distributions to Holders of Allowed Claims shall be made: (i) at the addresses set forth on the respective Proofs of Claim Filed by such holders; (ii) at the addresses set forth in any written notices of address changes delivered to the Plan Administrator after the date of any related Proof of Claim; or (iii) at the address reflected in the Schedules if no Proof of Claim is filed and the Plan Administrator has not received a written notice of a change of address. The Plan Administrator shall be entitled to conclusively rely on the Distribution Matrix for purposes of making Distributions. None of the Debtor, the Liquidating Debtor, or the applicable Plan Administrator shall incur any liability whatsoever on account of any Distributions under this Plan except for gross negligence, willful misconduct, or fraud.

6.9.1 Undeliverable Distributions. If the Distribution to the Holder of any Claim is returned to the Plan Administrator as undeliverable, no further distribution shall be made to such Holder unless and until the Plan Administrator is notified in writing of such Holder's then current address. Undeliverable Distributions shall remain in the possession of the Plan Administrator until the earlier of (i) such time as a Distribution becomes deliverable or (ii) such undeliverable Distribution becomes an Unclaimed Distribution.

Until such time as an undeliverable Distribution becomes an Unclaimed Distribution, within thirty (30) days after the end of each calendar quarter following the Effective Date, or upon such other interval as the Bankruptcy Court may order, but in no event less frequently than annually, the Plan Administrator shall make distributions of all Cash and property that has become deliverable during the preceding quarter. Each such Distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such Distribution would have been due had it then been deliverable to the date that such Distribution becomes deliverable.

The Plan Administrator shall make reasonable efforts to update or correct contact information for recipients of undeliverable Distributions; provided, however, that nothing contained in the Plan shall require the Plan Administrator to locate any Holder of an Allowed Claim.

6.10 ***Unclaimed Distributions***

Any Cash or other property to be distributed under the Plan shall revert to the Plan Administrator if it is not claimed by the Entity on or before the Unclaimed Distribution Deadline. If such Cash or other property is not claimed on or before the Unclaimed Distribution Deadline, the Distribution made to such Entity shall be deemed to be reduced to zero.

6.11 ***Setoff***

The Debtor or Plan Administrator, as applicable, retains the right to reduce any Claim by way of setoff in accordance with the Debtor's books and records and in accordance with the Bankruptcy Code.

6.12 ***Withholding and Reporting Requirements***

In connection with this Plan and all instruments issued in connection therewith, the Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all Distributions under this Plan shall be subject to any such withholding or reporting requirements.

6.13 ***Minimum Distributions***

Notwithstanding anything herein to the contrary, the Plan Administrator shall not be required to make Distributions or payments of less than \$25.00.

6.14 ***Interest on Claims.*** Unless otherwise specifically provided for in this Plan or separate order of the Bankruptcy Court, postpetition interest will not accrue or be paid on Claims, and no Holder will be entitled to interest accruing on or after the Petition Date on any Claim. Similarly, unless otherwise specifically provided for in this Plan, postpetition interest will not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

SECTION 7. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 ***Deemed Rejected as of the Effective Date if Not Assumed.***

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the assumption and/or rejection of Executory Contracts and Unexpired Leases as set forth in the Plan, all pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, the assumption and rejection, as applicable, of Executory Contracts and Unexpired Leases pursuant to the Plan shall be effective as of the Effective Date.

In accordance with the Bid Procedures Order, as amended by the Order entered at Docket No. 291, on October 27, 2023, the Debtor filed a notice of Executory Contracts and Unexpired Leases that the Purchaser has designated for assumption and assignment (the “**Designated Contracts Notice**”). See Docket No. 294. Among other executory contracts listed, the Purchaser designated for assumption “modified” residency agreements with residents who reside at the Community as of the Closing Date. Notwithstanding anything to the contrary in the Plan, the Debtor reserves the right to alter, amend, modify, or supplement the list of Executory Contracts and Unexpired Leases identified in the Designated Contracts Notice and/or Plan Supplement, as applicable, at any time before the Closing Date. On the Closing Date, as set forth in the APA, the Debtor shall reject the Residency Agreements of all Residents who no longer reside at the Community as of the Closing Date. Any Current Resident who desires to continue to reside at the Community may do so only by entering into a new or modified agreement with the Purchaser, which will be assumed and assigned in accordance with the Sale Order.

Unless an Executory Contract or Unexpired Lease is assumed pursuant to the APA and the Sale Order, or separate order of the Bankruptcy Court, the Executory Contract or Unexpired Lease shall be deemed to have been rejected by the Debtor on the Closing Date. The Debtor reserves the

right to file a motion to assume additional executory contracts within the statutory timeframe proscribed by the Bankruptcy Code.

7.2 *Claims Based on Rejection of Executory Contracts or Unexpired Leases.*

In the event that the rejection of an Executory Contract by the Debtor pursuant to the Plan results in a Rejection Claim in favor of a counterparty to such Executory Contract, such Rejection Claim, if not heretofore evidenced by a timely and properly filed Proof of Claim, shall be forever barred and shall not be enforceable against the Debtor, the Estate, the Liquidating Debtor, or their respective properties or interests in property as agents, successors, or assigns, unless a Proof of Claim is filed with the Bankruptcy Court and served upon counsel for the Debtor and the Liquidating Debtor on or before the date that is third (30) days after then Effective Date. All Allowed Rejection Claims shall be treated as General Unsecured Claims pursuant to the terms of the Plan.

7.3 *Modifications, Amendments, Supplements, Restatements, or Other Agreements.* Unless otherwise provided, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated, or is rejected or repudiated under this Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith, unless such Executory Contract or Unexpired Lease has been previously assumed by the Debtor.

7.4 *Reservation of Rights.* Nothing contained in this Plan or the Plan Supplement shall constitute an admission by the Debtor or the Liquidating Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Debtor or the Liquidating Debtor have any liability thereunder.

7.5 *Full Release and Satisfaction.* Assumption of any Executory Contract pursuant to the Plan or otherwise shall result in the full release and satisfaction of any Claims or defaults, whether monetary or nonmonetary, including defaults of provisions restricting the change in control or ownership interest composition or other bankruptcy related defaults, arising under any assumed Executory Contract at any time before the effective date of the assumption.

SECTION 8. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS

8.1 *Prosecution of Objections to Claims.* Prior to the Effective Date, the Debtor, and on or after the Effective Date, the Plan Administrator shall have the authority and all requisite standing to File objections to Claims and Interests, and the exclusive authority and standing to settle, compromise, withdraw, or litigate to judgment objections on behalf of the

Debtor's Estate to any and all such Claims and Interests, regardless of whether such Claims and Interests are in a Class or otherwise. From and after the Effective Date, the Plan Administrator shall have the sole authority to administer and adjust the Claims Register with respect to Claims and Interests to reflect any such settlements or compromises. No further notice to or action, order, or approval of the Bankruptcy Court with respect to such settlements or compromises entered into with a Holder of any Claim or Interest shall be required.

8.2 ***Allowance of Claims.*** Prior to the Effective Date, the Debtor, and, on and after the Effective Date, the Plan Administrator, shall have and shall retain any and all rights and defenses that the Debtor had with respect to any Claim or Interest, except with respect to any Claim or Interest deemed Allowed as of the Effective Date. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Case prior to the Effective Date (including the Confirmation Order), no Claim or Interest shall become an Allowed Claim or Allowed Interest unless and until such Claim or Interest is deemed Allowed under the Plan or the Bankruptcy Code, or the Bankruptcy Court has entered a Final Order, including the Confirmation Order, in the Chapter 11 Case allowing such Claim or Interest.

8.3 ***Estimation of Claims.*** On and after the Effective Date, the Plan Administrator may, at any time, request that the Bankruptcy Court estimate (i) any Disputed Claim pursuant to applicable law and (ii) any Contingent or unliquidated Claim pursuant to applicable law, in each case regardless of whether the Debtor or Plan Administrator has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to the maximum extent permitted by law as determined by the Bankruptcy Court to estimate any such Disputed Claim, Contingent Claim, or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection.

If the Bankruptcy Court estimates any Disputed Claim, Contingent Claim, or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim for all purposes under the Plan, including for purposes of Distributions, and the Plan Administrator may elect to pursue additional objections to the ultimate distribution on such Claim. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceedings to object to any ultimate distribution on account of such Claim. Notwithstanding Bankruptcy Code section 502(j), in no event shall any Holder of a Claim that has been estimated pursuant to Bankruptcy Code section 502(c) or otherwise be entitled to seek reconsideration of such estimation unless such Holder has Filed a motion requesting the right to seek such reconsideration on or before twenty-one (21) days after the date on which such Claim is estimated. All of the aforementioned Claims and objection, estimation, and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

8.4 ***Expungement or Adjustment to Claims without Objection***

Any Claim that has been paid or satisfied, or any Claim or Interest that has been amended or superseded, may be marked as satisfied, adjusted or expunged (as applicable) on the Claims Register by the Claims Agent at the direction of the Debtor without an objection having to be Filed

and without any further notice to or action, order or approval of the Bankruptcy Court; provided, that the Plan Administrator shall provide thirty (30) days' notice of any of the foregoing modifications to the Claims Register to the Holder of any affected Claim or Interest during which period the Holder may object thereto.

SECTION 9. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

9.1 *Compromise and Settlement of Claims, Interests and Controversies.*

Pursuant to Bankruptcy Code section 1123 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 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 of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Code section 363 and Bankruptcy Rule 9019(a), without any further notice to, action by, or order or approval of the Bankruptcy Court, after the Effective Date, the Plan Administrator may compromise and settle Claims against it and Causes of Action against other Persons.

9.2 *Injunction.* ALL INJUNCTIONS OR STAYS PROVIDED FOR IN THE CHAPTER 11 CASE UNDER BANKRUPTCY CODE SECTIONS 105 OR 362, OR OTHERWISE, AND IN EXISTENCE ON THE CONFIRMATION DATE SHALL REMAIN IN FULL FORCE AND EFFECT UNTIL THE LATER OF (A) THE EFFECTIVE DATE, OR (B) THE DATE INDICATED IN THE ORDER PROVIDING FOR SUCH INJUNCTION OR STAY. NOTWITHSTANDING THE FOREGOING, NOTHING HEREIN SHALL BE OTHERWISE DEEMED TO MODIFY, LIMIT, AMEND OR SUPERSEDE ANY INJUNCTIONS OR STAYS GRANTED IN THE SALE ORDER.

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN OR TO THE EXTENT NECESSARY TO ENFORCE THE TERMS AND CONDITIONS OF THE PLAN, THE CONFIRMATION ORDER, OR A SEPARATE ORDER OF THE BANKRUPTCY COURT, ALL ENTITIES WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS AGAINST THE DEBTOR SHALL BE PERMANENTLY ENJOINED FROM TAKING ANY OF THE FOLLOWING ACTIONS AGAINST ANY PROPERTY THAT IS TO BE DISTRIBUTED UNDER THE TERMS OF THE PLAN ON ACCOUNT OF ANY SUCH CLAIMS: (A) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION OR OTHER PROCEEDING; (B) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE, OR ORDER; (C) CREATING, PERFECTING, OR ENFORCING ANY LIEN OR ENCUMBRANCE; (D) ASSERTING A SETOFF, RIGHT, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY DEBT, LIABILITY, OR OBLIGATION DUE TO THE DEBTOR; AND (E) COMMENCING OR CONTINUING, IN ANY MANNER OR IN ANY PLACE, ANY ACTION THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN; PROVIDED, HOWEVER,

THAT SUCH ENTITIES SHALL NOT BE PRECLUDED FROM EXERCISING THEIR RIGHTS PURSUANT TO AND CONSISTENT WITH THE TERMS OF THE PLAN OR THE CONFIRMATION ORDER; *PROVIDED, FURTHER*, THAT THE FOREGOING SHALL NOT APPLY TO ANY ACTS, OMISSIONS, CLAIMS, CAUSES OF ACTION OR OTHER OBLIGATIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN OR ANY DEFENSES THERETO. NOTWITHSTANDING THE FOREGOING, NOTHING HEREIN SHALL BE OTHERWISE DEEMED TO MODIFY, LIMIT, AMEND OR SUPERSEDE ANY INJUNCTIONS OR STAYS GRANTED IN THE SALE ORDER.

9.3 *Exculpation.* UPON THE EFFECTIVE DATE, THE DEBTOR AND ITS OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, INVESTMENT BANKERS, FINANCIAL ADVISORS AND OTHER PROFESSIONALS AND AGENTS WILL BE DEEMED TO HAVE SOLICITED ACCEPTANCES OF THE PLAN IN GOOD FAITH AND IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE, INCLUDING BANKRUPTCY CODE SECTION 1125(E).

EXCEPT WITH RESPECT TO ANY ACTS OR COMMISSIONS EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR ANY RELATED DOCUMENTS, THE EXCULPATED PARTIES SHALL NEITHER HAVE, NOR INCUR, ANY LIABILITY TO ANY ENTITY FOR ANY PREPETITION OR POSTPETITION ACT OR OMISSION IN CONNECTION WITH OR RELATED TO FORMULATING, NEGOTIATING, PREPARING, DISSEMINATING, IMPLEMENTING, ADMINISTERING, CONFIRMING, OR EFFECTING THE PLAN OR ANY CONTRACT, INSTRUMENT, RELEASE, OR OTHER AGREEMENT OR DOCUMENT CREATED OR ENTERED INTO IN CONNECTION WITH THE PLAN, THE FILING OF THE CHAPTER 11 CASE, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE DISTRIBUTION OF PROPERTY UNDER THE PLAN OR ANY OTHER RELATED AGREEMENT OR ANY OTHER PREPETITION OR POSTPETITION ACT OR OMISSION TAKEN IN CONTEMPLATION OF THE RESTRUCTURING AND/OR LIQUIDATION OF THE DEBTOR; *PROVIDED, HOWEVER*, THAT THE FOREGOING "EXCULPATION" SHALL HAVE NO EFFECT ON THE LIABILITY OF ANY ENTITY THAT RESULTS FROM ANY SUCH ACT OR OMISSION THAT IS DETERMINED IN A FINAL ORDER TO HAVE CONSTITUTED GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (INCLUDING FRAUD); *PROVIDED, FURTHER*, THAT EACH EXCULPATED PARTY SHALL BE ENTITLED TO RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES IN CONNECTION WITH THE PLAN OR ANY OTHER RELATED DOCUMENT, INSTRUMENT, OR AGREEMENT.

THE FOREGOING PARAGRAPH SHALL APPLY TO ATTORNEYS TO THE GREATEST EXTENT PERMISSIBLE UNDER APPLICABLE BAR RULES AND CASE LAW.

9.4 *Estate Releases.* PURSUANT TO BANKRUPTCY CODE SECTION 1123(B), AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN OR THE CONFIRMATION ORDER, ON AND AFTER THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS

HEREBY CONFIRMED, THE RELEASED PARTIES SHALL BE DEEMED RELEASED BY THE DEBTOR AND THE ESTATE FROM ANY AND ALL CLAIMS, OBLIGATIONS, DEBTS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (OTHER THAN FOR ILLEGAL CONDUCT, GROSS NEGLIGENCE, BAD FAITH, OR FRAUD), INCLUDING DERIVATIVE CLAIMS ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTOR OR THE ESTATE, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT ANY OF THE DEBTOR OR THE ESTATE, AS APPLICABLE, WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN ITS OWN RIGHT, OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASE, THE FINANCING OF THE CHAPTER 11 CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE PLAN, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS, AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTOR OR THE ESTATE. FOR PURPOSES OF THE RELEASES CONTAINED IN THE PLAN, THE PLAN ADMINISTRATOR DEEMED TO BE A SUCCESSOR TO THE ESTATE AND, THEREFORE, IS BOUND BY THE RELEASES CONTAINED IN THE PLAN.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE RELEASE OF THE RELEASED PARTIES BY THE DEBTOR AND THE ESTATE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE RELEASE OF THE RELEASED PARTIES BY THE DEBTOR AND THE ESTATE IS: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR OR THE ESTATE; (C) IN THE BEST INTERESTS OF THE DEBTOR, THE ESTATE AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE, AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (F) A BAR TO THE DEBTOR OR THE ESTATE ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE RELEASE BY THE DEBTOR OR THE ESTATE.

9.5 ***Third Party Releases.*** EFFECTIVE AS OF THE EFFECTIVE DATE, EACH OF THE RELEASING PARTIES CONCLUSIVELY, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY, AND FOREVER RELEASES (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) EACH AND ALL OF THE RELEASED PARTIES, AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES, AND LIABILITIES WHATSOEVER (OTHER THAN FOR ILLEGAL CONDUCT, GROSS NEGLIGENCE, BAD FAITH, OR FRAUD), INCLUDING WITH RESPECT TO ANY RIGHTS OR CLAIMS THAT COULD HAVE BEEN ASSERTED AGAINST ANY OR ALL OF THE RELEASED PARTIES WITH RESPECT TO ANY DERIVATIVE CLAIMS, ASSERTED OR ASSERTABLE ON BEHALF OF THE DEBTOR, OR THE ESTATE, AS APPLICABLE, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, OR OTHERWISE, THAT SUCH ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT (WHETHER INDIVIDUALLY OR COLLECTIVELY), BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTOR, THE CHAPTER 11 CASE, THE PURCHASE, SALE, TRANSFER, OR RESCISSION OF THE PURCHASE, SALE, OR TRANSFER OF ANY DEBT, SECURITY, ASSET, RIGHT, OR INTEREST OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY RELEASED PARTY, THE FINANCING OF THE CHAPTER 11 CASE, THE RESTRUCTURING OR ANY ALLEGED RESTRUCTURING OR LIQUIDATION OF CLAIMS AND INTERESTS PRIOR TO OR IN THE CHAPTER 11 CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN AND ANY OTHER AGREEMENTS OR DOCUMENTS EFFECTUATING THE PLAN, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS (INCLUDING, FOR THE AVOIDANCE OF DOUBT, PROVIDING ANY LEGAL OPINION REQUESTED BY ANY ENTITY REGARDING ANY TRANSACTION, CONTRACT, INSTRUMENT, DOCUMENT, OR OTHER AGREEMENT CONTEMPLATED BY THE PLAN OR THE RELIANCE BY ANY RELEASED PARTY ON THE PLAN OR THE CONFIRMATION ORDER IN LIEU OF SUCH LEGAL OPINION), AND ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE RELATING TO THE DEBTOR OR THE ESTATE.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD PARTY RELEASES ARE: (A) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASED PARTIES; (B) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE RELEASING PARTIES; (C) IN THE BEST INTERESTS OF THE DEBTOR, THE ESTATE AND ALL HOLDERS OF CLAIMS AND INTERESTS; (D) FAIR, EQUITABLE

AND REASONABLE; (E) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; (F) CONSENSUAL; AND (G) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

9.6 ***Term of Injunctions or Stays.*** Unless otherwise provided in this Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to Bankruptcy Code sections 105 or 362 or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in this Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. Upon the Effective Date, all injunctions or stays contained in this Plan or the Confirmation Order shall be in full force and effect in accordance with their terms.

9.7 ***Release of Liens.*** Except as otherwise provided in the Plan or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to this 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 Liquidating Debtor and/or the Purchaser. For the avoidance of doubt, except as otherwise provided in this Plan (including the Plan Supplement), all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate, whether expressly addressed or discussed herein or in the Plan, shall be fully released and discharged on the Effective Date without any further action of any party, including, but not limited to, further order of the Bankruptcy Court or filing updated schedules or statements typically filed pursuant to the Uniform Commercial Code.

SECTION 10. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE DATE

10.1 ***Conditions Precedent to Confirmation.*** It shall be a condition precedent to the confirmation of the Plan, such that the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived pursuant to the provisions of this Plan.

- (a) the Confirmation Order shall be in form and substance reasonably acceptable to the Debtor and FSO;
- (b) the proposed Plan Administrator shall have been identified and disclosed; and
- (c) the Plan shall not have been materially amended, altered, or modified, unless such material amendment, alteration or modification has been made in accordance with Section 12 of this Plan.

10.2 ***Conditions Precedent to the Effective Date.*** It shall be a condition precedent to the Effective Date that each of the following provisions, terms, and conditions shall have been satisfied or waived pursuant to the provisions of this Plan.

- (a) The Bankruptcy Court shall have entered the Confirmation Order and the Confirmation Order shall be a Final Order;
- (b) The Sale Closing shall have occurred;
- (c) No stay of the Confirmation Order shall then be in effect;
- (d) The Plan Administrator shall be appointed;
- (e) The confirmed Plan shall not have been materially amended, altered, or modified from the Plan, unless such material amendment, alteration, or modification has been made in accordance with Section 12 of this Plan; and
- (f) The Debtor shall have Filed a notice of the Effective Date.

10.3 ***Waiver of Conditions.*** The conditions precedent to Confirmation and conditions precedent to the Effective Date may be waived in whole or in part, in writing, by the Debtor, without further order of the Bankruptcy Court.

10.4 ***Effect of Nonoccurrence of Conditions.*** If the conditions precedent to the Effective Date are not satisfied or waived, the Debtor may, upon motion and notice to parties in interest, seek to vacate the Confirmation Order; *provided, however*, that notwithstanding the filing of such motion, the Confirmation Order may not be vacated if each of the conditions precedent to the Effective Date are satisfied or waived before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated: (a) the Plan is null and void in all respects; and (b) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against the Debtor, or (ii) prejudice, in any manner, the rights of the Debtor or any other party in interest.

SECTION 11. RETENTION OF JURISDICTION

Following the Confirmation Date and the Effective Date, the Bankruptcy Court shall retain jurisdiction for the following purposes:

- (a) to hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
- (b) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (c) to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by Bankruptcy Code section 1142;
- (d) to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

- (e) to hear and determine all requests for compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under Bankruptcy Code sections 330 or 503;
- (f) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan;
- (g) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Sale Order;
- (h) to hear and determine matters concerning state, local, and federal taxes in accordance with Bankruptcy Code sections 346, 505, and 1146;
- (i) to hear any other matter not inconsistent with the Bankruptcy Code;
- (j) to enter the Final Decree;
- (k) to ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;
- (l) to decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtor which may be pending on the Effective Date;
- (m) to issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan, except as otherwise provided therein;
- (n) to determine any other matters that may arise in connection with or related to the Plan, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Plan;
- (o) to determine any other matters that may arise in connection with or related to the Sale Order or any contract, instrument, release, indenture, or other agreement or document created or implemented in connection with the Sale Order;
- (p) to enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, releases and rulings entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);
- (q) to resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and
- (r) to resolve any disputes concerning whether a Person or Entity had sufficient notice of the Chapter 11 Case, the Bar Dates, or the Confirmation Hearing for the purpose

of determining whether a Claim or Interest is discharged hereunder, or for any other purpose.

SECTION 12. MISCELLANEOUS PROVISIONS

12.1 ***Amendment or Modification of the Plan.*** Alterations, amendments, or modifications of the Plan may be proposed in writing by the Debtor at any time before the Confirmation Date, provided that the Plan, as altered, amended, or modified, satisfies the conditions of Bankruptcy Code sections 1122 and 1123 and the Debtor shall have complied with Bankruptcy Code section 1125. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder. Entry of the Confirmation Order shall mean that all modifications or amendments to this Plan occurring after the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

12.2 ***Exhibits, Schedules, and Plan Supplement.*** The Debtor will File the Plan Supplement no later than seven (7) days before the Voting Deadline. The Debtor reserves the right to alter, modify, or amend the Plan Supplement through and to the Confirmation Hearing. All exhibits and schedules to this Disclosure Statement, the Plan, and the Plan Supplement are incorporated into and are part of the Plan as if set forth in full therein.

12.3 ***Filing of Additional Documents.*** On or before the Effective Date, the Debtor may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtor and all Holders of Claims receiving Distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

12.4 ***Binding Effect of this Plan.*** Notwithstanding Bankruptcy Rules 3020(e), 6004(h), or 7062 or any other Bankruptcy Rule, upon the occurrence of the Effective Date, the terms of this Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon and inure to the benefit of the Debtor, the Holders of Claims, and their respective successors and assigns. Notwithstanding anything to the contrary herein, (i) nothing in the Plan modifies, alters, or amends the respective rights and obligations of the Debtor or the Purchaser under the Sale Order, the APA, or any other document governing the Sale, and (ii) the 2017 Bond Documents shall continue to govern the rights of and among the Bond Trustee and the beneficial owners of the Bonds.

12.5 ***Governing Law.*** Except as required by the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, the rights and obligations arising under the Plan shall be governed by and construed and enforced in accordance with the laws of the State of Illinois.

12.6 ***Time.*** To the extent that any time for the occurrence or happening of an event as set forth in the Plan falls on a day that is not a Business Day, the time for the next occurrence or happening of said event shall be extended to the next Business Day.

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

12.8 **Revocation.** The Debtor reserves the right to revoke and withdraw the Plan prior to the entry of the Confirmation Order. If the Debtor revokes or withdraws the Plan, the Plan shall be deemed null and void, and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtor, any other Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtor.

12.9 **Dissolution of The Committee.** On the Effective Date, the Committee shall be dissolved and its members deemed released of any continuing duties, responsibilities and obligations in connection with the Chapter 11 Case or the Plan and its implementation, and the retention and employment of the Committee's Professionals shall terminate, except with respect to: (i) any matters concerning Distributions; (ii) prosecuting applications for Professionals' compensation and reimbursement of expenses incurred as a member of the Committee; (iii) asserting, disputing and participating in resolution of Professional Fee Claims; or (iv) prosecuting or participating in any appeal of the Confirmation Order or any request for consideration thereof. Upon the resolution of (i) through (iv), the Committee shall be immediately dissolved, and released.

12.10 **Claims Agent.** Stretto, in its capacity as Claims Agent, shall be relieved of such duties on the date of the entry of the Final Decree or upon written notice by the Debtor or Plan Administrator.

12.11 **Reservation of Rights.** Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained herein, or the taking of any action by the Debtor with respect to the Plan and/or this Disclosure Statement shall be or shall be deemed to be an admission or waiver of any rights of the Debtor or Holders of Claims before the Effective Date.

12.12 **Inconsistency.** To the extent that the Plan conflicts with or is inconsistent with any agreement related to the Plan, the provisions of the Plan shall control; *provided, however*, that nothing in the Plan shall be deemed to supersede, amend, modify the provisions of the Sale Order, the Bid Procedures Order, or the APA. In the event of any inconsistency between any provision of any of the foregoing documents, and any provision of the Confirmation Order, the Confirmation Order shall control and take precedence; *provided, however*, that nothing in the Confirmation Order shall be deemed to supersede, amend, modify the provisions of the Sale Order, the Bid Procedures Order, or the APA.

12.13 **No Admissions.** Notwithstanding anything herein to the contrary, nothing contained in the Plan shall be deemed an admission by any Entity with respect to any matter set forth herein.

12.14 **No Discharge.** As set forth in Bankruptcy Code section 1141(d)(3), the Plan does not grant the Debtor a discharge. However, notwithstanding the foregoing, except as otherwise provided herein, the rights afforded pursuant to the Plan and the treatment of all Claims and Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor or any of its Assets. All persons and entities shall be precluded from asserting against the Debtor, or any of its Assets, any further Claims and Interests based upon any act, or omission, transaction, or other activity of any kind or nature that occurred before the Effective Date, except as otherwise expressly provided in this Plan.

12.15 **Votes Solicited in Good Faith.** Upon entry of the Confirmation Order, the Debtor will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code and any applicable non-bankruptcy law, and pursuant to Bankruptcy Code section 1125(e), the Debtor and its affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code.

12.16 **Notices.** All notices of requests in connection with the Plan shall be in writing and given by mail and email addressed as follows:

DOPKE LAW LLC
Attn: Bruce Dopke
1535 W. Schaumburg Road, Suite 204
Schaumburg, Illinois 60194
bd@dopkelaw.com

And

POLSINELLI PC
Attn: Jeremy R. Johnson
600 3rd Avenue, 42nd Floor
New York, New York 10016
Jeremy.johnson@polsinelli.com

And

Attn: Trinitee G. Green
1500 N. Riverside Plaza, Suite 3000
Chicago, Illinois 60606
tggreen@polsinelli.com

12.17 **Headings.** The headings used in this Plan are inserted for convenience only and neither constitute a portion of this Plan nor in any manner affect the construction of the provisions of this Plan.

12.18 ***Validity and Enforceability.*** The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Should any provision in this Plan be determined by the Bankruptcy Court or any appellate court to be unenforceable following the Effective Date, such determination shall in no way limit the enforceability and operative effect of any and all other provisions of this Plan.

12.19 ***Request for Confirmation.*** The Debtor requests entry of a Confirmation Order under Bankruptcy Code section 1129(a) and, to the extent necessary, Bankruptcy Code section 1129(b).

Dated: November 14, 2023

Respectfully submitted,

**Evangelical Retirement Homes of Greater
Chicago, Incorporated d/b/a Friendship
Village of Schaumburg**

By: /s/ Mike Flynn

Name: Mike Flynn

Title: Chief Executive Officer

EXHIBIT 2

Liquidation Analysis

Friendship Village Liquidation Analysis \$000s			Chapter 7 Liquidation						Chapter 11 Plan		
	Notes	Book Value	Assumptions		Recovery (\$)		Recovery (%)		Book Value	Recovery (\$)	Recovery (%)
			Low	High	Low	High	Low	High			
Assets											
Cash and Cash Equivalents	1	\$ 869	100.0%	100.0%	\$ 869	\$ 869			\$ 18	\$ 18	100.0%
Accounts Receivables, Net	2	2,392	40.0%	60.0%	957	1,435			2,392	2,188	91.5%
Inventory	3	123	0.0%	0.0%	-	-			123	-	0.0%
Prepaid Expenses	4	1,233	0.0%	0.0%	-	-			1,233	-	0.0%
Restricted Assets Held by Trustee	5	3	0.0%	0.0%	-	-			3	-	0.0%
Fixed Assets, Net	6	87,757	10.0%	20.0%	8,776	17,551			87,757	35,574	40.5%
Long-Term Investments	7	2,049	0.0%	0.0%	-	-			2,049	-	0.0%
Notes Receivable from Affiliate	8	327	0.0%	0.0%	-	-			327	-	0.0%
Total		\$ 94,752			\$ 10,601	\$ 19,855	11.2%	21.0%	\$ 93,901	\$ 37,780	40.2%
Chapter 7 Costs											
Chapter 7 Trustee Commission	9	\$ 318			\$ 318	\$ 318	100.0%	100.0%	\$ -	\$ -	0.0%
Chapter 7 Trustee Professional Fees	10	250			250	250	100.0%	100.0%	-	-	0.0%
Wind Down/Closure	11	3,873			3,873	3,873	100.0%	100.0%	750	750	100.0%
Total Chapter 7 Costs		\$ 4,441			\$ 4,441	\$ 4,441	100.0%	100.0%	\$ 750	\$ 750	100.0%
Cash Available for Distribution to Other Priority Claims					\$ 6,161	\$ 15,415			\$ 37,030		
Other Priority Claims											
Resident Garage Deposits	12	\$ 410			\$ 410	\$ 410	100.0%	100.0%	\$ 410	410	100.0%
Total Other Priority Claims		\$ 410			\$ 410	\$ 410	100.0%	100.0%	\$ 410	\$ 410	100.0%
Cash Available for Distribution to Administrative Claims					\$ 5,751	\$ 15,005			\$ 36,620		
Administrative Claims											
DIP Facility Claims	13	\$ 3,053			\$ 3,053	\$ 3,053	100.0%	100.0%	\$ 3,053	\$ 3,053	100.0%
United States Trustee Fees	14	188			188	188	100.0%	100.0%	188	188	100.0%
Professional Fee Accrual	15	1,117			1,117	1,117	100.0%	100.0%	621	621	100.0%
Accrued Property Tax	16	724			724	724	100.0%	100.0%	724	724	100.0%
Payroll Liabilities	17	-			-	-	0.0%	0.0%	818	818	100.0%
Accrued Expense / Post-Petition Trade AP	18	459			459	459	100.0%	100.0%	459	459	100.0%
Total Administrative Claims		\$ 5,540			\$ 5,540	\$ 5,540	100.0%	100.0%	\$ 5,862	\$ 5,862	100.0%
Cash Available for Distribution to Other Secured Claims					\$ 210	\$ 9,464			\$ 30,758		
Other Secured Claims	19	\$ 85			\$ 85	\$ 85	100.0%	100.0%	\$ 85	\$ 85	100.0%
Total Other Secured Claims		\$ 85			\$ 85	\$ 85	100.0%	100.0%	\$ 85	\$ 85	100.0%
Cash Available for Distribution to Estimated Bond Claims					\$ 125	\$ 9,379			\$ 30,673		
Estimated Bond Claims											
Series 2017 Bonds	20	\$ 131,600			\$ 125	\$ 9,379	0.1%	7.1%	\$ 131,600	\$ 30,673	23.3%
Total Estimated Bond Claims		\$ 131,600			\$ 125	\$ 9,379	0.1%	7.1%	\$ 131,600	\$ 30,673	23.3%
Cash Available for Deficiency Claims					\$ -	\$ -			\$ -		
Deficiency Claims											
Bondholder Deficiency Claims	21	\$ 100,927			\$ -	\$ -	0.0%	0.0%	\$ 100,927	\$ -	0.0%
Total Deficiency Claims		\$ 100,927			\$ -	\$ -	0.0%	0.0%	\$ 100,927	\$ -	0.0%
Cash Available for General Unsecured Claims	22				\$ -	\$ -			\$ -		
General Unsecured Claims											
Current Resident Claims	23	\$ 77,074			\$ -	\$ -	0.0%	0.0%	\$ 77,074	\$ 43,185	56.0%
Former Resident Claims	24	20,000			-	-	0.0%	0.0%	20,000	2,000	10.0%
Trade Creditors	25	4,002			-	-	0.0%	0.0%	4,002	-	0.0%
Cash Available for Distribution to Intercompany Claims		\$ 101,076			\$ -	\$ -	0.0%	0.0%	\$ 101,076	\$ 45,185	44.7%
Cash Available for Intercompany Claims					\$ -	\$ -			\$ -		
Intercompany Claims											
Due to Affiliates	26	\$ 215			\$ -	\$ -	0.0%	0.0%	\$ 215	\$ -	0.0%
Total Intercompany Claims		\$ 215			\$ -	\$ -	0.0%	0.0%	\$ 215	\$ -	0.0%
Shortfall					\$ (333,693)	\$ (324,439)			\$ (257,960)		

Class Recovery Summary

Unclassified Claims											
Operating Claims	27	\$ 459			\$ 459	\$ 459	100.0%	100.0%	\$ 1,276	\$ 1,276	100.0%
Professional Claims	28	1,305			1,305	1,305	100.0%	100.0%	809	809	100.0%
DIP Facility Claim	29	3,053			3,053	3,053	100.0%	100.0%	3,053	3,053	100.0%
Accrued Property Tax		724			724	724	100.0%	100.0%	724	724	100.0%
Class 1 – Other Priority Claims		410			410	410	100.0%	100.0%	410	410	100.0%
Class 2 – Bond Claims		131,600			125	9,379	0.1%	7.1%	131,600	30,673	23.3%
Class 3 – Other Secured Claims		85			85	85	100.0%	100.0%	85	85	100.0%
Class 4 – Deficiency Claims		100,927			-	-	0.0%	0.0%	100,927	-	0.0%
Class 5A – Participating Current Resident Claims	30	77,074			-	-	0.0%	0.0%	77,074	43,185	56.0%
Class 5B – Non-Participating Current Resident Claims		-			-	-	0.0%	0.0%	-	-	0.0%
Class 6 – Former Residents Claims		20,000			-	-	0.0%	0.0%	20,000	2,000	10.0%
Class 7 – General Unsecured Claims	31	4,002			-	-	0.0%	0.0%	4,002	-	0.0%
Class 8 – Intercompany Claims		215			-	-	0.0%	0.0%	215	-	0.0%
Class 9 – Interests in Debtor		-			-	-	0.0%	0.0%	-	-	0.0%

Friendship Village
Notes to the Liquidation Analysis

Global Note: The book values of all assets are as of 9/30/23, unless otherwise noted.

- 1** The Chapter 7 Liquidation reflects cash and cash equivalents as of 10/31/23. The Chapter 11 Plan reflects estimated cash and cash equivalents as of 1/31/24.
- 2** Includes accounts receivable due from Medicaid, Medicare, Supplemental Insurance, Private Pay, and Managed Care. The Chapter 7 Trustee would oversee the collection of accounts receivable under the Chapter 7 Liquidation.
- 3** Includes food and supplies related to housekeeping and maintenance. A recovery of 0% to 5% is assumed due to the perishable nature of food inventory and lack of marketability of the supplies. Inventory is included in the Purchased Assets under the Chapter 11 Plan.
- 4** Includes prepaid insurance, licenses, and deposits.
- 5** Reflects the debt service reserve fund established in connection with the 2017 Bond Indenture.
- 6** Includes land, buildings, capital projects and improvements, equipment, and vehicles. Recoveries under the Chapter 7 Liquidation are estimated at 10% - 20% due to the limited time to close. Recoveries under the Chapter 11 Plan reflects the Transaction Proceeds, per the Stalking Horse APA.
- 7** A recovery of 0% is assumed due to the Debtor liquidating and closing its investment accounts in September 2023.
- 8** Reflects intercompany receivables from GreenFields of Geneva Project (\$20,675) and Friendship Senior Options, NFP (\$306,530).
- 9** Chapter 7 Trustee estimated to receive 3% of proceeds available per statutory default.
- 10** Estimated Chapter 7 Trustee fees and expenses (including counsel).
- 11** This includes all costs incurred during the estimated six month liquidation period associated with the wind down of the Estate, including operating costs to transition and turn over the property, and the administrative closure of the Estate.
- 12** Reflects unamortized resident garage deposits.
- 13** There have been two (2) draws on the DIP Facility to date. The Debtors anticipate that the Budget for the DIP Facility will be fully drawn as of the Assumed Plan Effective Date. The proceeds will be used to satisfy all administrative claims in addition to those specifically mentioned below.
- 14** Estimated accrued Chapter 11 US Trustee fees through 1/31/24.
- 15** The Chapter 11 Plan reflects the estimated accrued and unpaid professional fees as of 1/31/24, which will be satisfied in full. The Chapter 7 Liquidation reflects the accrued professional fees as of 10/31/23. Upon the conversion to a Chapter 7, all Allowed Professional Fees will be covered via the Carve-Out, as defined in the DIP Term Sheet and Cash Collateral Order.
- 16** Estimated accrued and unpaid real estate taxes.
- 17** All payroll Liabilities under the Chapter 7 Liquidation are included in the wind down budget. The Buyer will pay the accrued PTO of Transferred Employees under the Chapter 11 Plan.
- 18** Estimated post-petition trade vendors that are unpaid as of the liquidation date.
- 19** Relates to secured claim on community van.
- 20** Bond Claims include outstanding principal and accrued interest due on the Series 2017 Bonds at \$131.6 million.
- 21** Under the Chapter 11 Plan, holders of Deficiency Claims shall not receive any Distribution on account of such Class 4 Claims, which shall be discharged, cancelled, released, and extinguished as of the Effective Date, and shall be of no further force or effect.
- 22** Under the Chapter 11 Plan, current Residents will be entitled to receive a maximum of 100% of their entrance fees, paid in the form of repayments of all or a portion of their entrance fees, as amortized and payable over time when triggered per the APA. An additional \$2.0 million Former Residents Proceeds Fund will be established.
- 23** Book value reflects the refundable portion of pre-petition entrance fees of current residents, including garage deposits.
- 24** Book value reflects the refundable portion of pre-petition entrance fees of former residents, including garage deposits.
- 25** Trade creditors reflects pre-petition amounts owed to vendors or other third parties.
- 26** There is a \$215,354.73 Due to Affiliate obligation between the Debtor and Friendship Senior Options, NFP as of the Petition Date.
- 27** Includes Payroll Liabilities Accrued Expense / Post-Petition Trade AP claims.
- 28** Includes United States Trustee Fees Professional Fee Accrual claims.
- 29** Includes DIP Facility Outstanding.
- 30** Assumes all current residents participate in the Current Resident Entrance Fee Refund Program.
- 31** Includes Trade Creditors.