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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re: §  
§ Chapter 11  
4 West Holdings, Inc. *et al.*,<sup>1</sup> §  
§ Case No. 18-30777 (HDH)  
§  
Debtors. § (Jointly Administered)

**NOTICE OF FILING OF EXHIBITS TO DISCLOSURE STATEMENT  
FOR THE DEBTORS' JOINT PLAN OF REORGANIZATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**PLEASE TAKE NOTICE** that, on March 6, 2018, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) filed voluntary petitions for relief (the “Chapter 11 Cases”) under chapter 11 the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas.

**PLEASE TAKE FURTHER NOTICE** that, on March 7, 2018, the Debtors filed the *Disclosure Statement for Debtors’ Joint Plan for Reorganization Under Chapter 11 of the Bankruptcy Code* [Dkt. No. 22] (as may be amended, the “Disclosure Statement”).

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<sup>1</sup> A list of the Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, is attached hereto as Exhibit A.

**PLEASE TAKE FURTHER NOTICE** that a hearing to consider approval of the Disclosure Statement is scheduled on May 30, 2018 at 2:00 p.m. Central Daylight Time.

**PLEASE TAKE FURTHER NOTICE** that, attached hereto are the following exhibits to the Disclosure Statement:

**Exhibit D:** Financial Projections

**Exhibit E:** Liquidation Analysis

**PLEASE TAKE FURTHER NOTICE** that the Debtors expressly reserve the right to amend, alter or supplement the Disclosure Statement including, without limitation, the Financial Projections, the Liquidation Analysis, and any other exhibits and attachments thereto.

**PLEASE TAKE FURTHER NOTICE THAT ALL PLEADINGS FILED IN THESE CHAPTER 11 CASES ARE AVAILABLE FOR FREE AT:** <http://www.omnimgt.com/4west>.

Dated: May 19, 2018  
Dallas, Texas

Respectfully submitted,

**DLA PIPER LLP (US)**

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*Counsel for the Debtors*

**EXHIBIT A****(Sorted Alphabetically)**

	<b>Debtor Name</b>	<b>Case No.</b>	<b>EIN</b>
1.	4 West Holdings, Inc.	18-30777	9732
2.	4 West Investors, LLC	18-30778	6021
3.	Aiken RE, LLC	18-30850	1814
4.	Ambassador Rehabilitation and Healthcare Center, LLC	18-30879	1636
5.	Anchor Rehabilitation and Healthcare Center of Aiken, LLC	18-30868	9448
6.	Anderson RE TX, LLC	18-30774	3630
7.	Anderson RE, LLC	18-30861	1806
8.	Ark II Real Estate, LLC	18-30840	3628
9.	Ark III Real Estate, LLC	18-30847	0121
10.	Ark Mississippi Holding Company, LLC	18-30788	3765
11.	Ark Real Estate, LLC	18-30809	6014
12.	Ark South Carolina Holding Company, LLC	18-30856	0002
13.	Ark Texas Holding Company, LLC	18-30806	3739
14.	Battle Ground RE, LLC	18-30825	1818
15.	Brushy Creek Rehabilitation and Healthcare Center, LLC	18-30884	3292
16.	Bryan RE, LLC	18-30775	3633
17.	Burleson RE, LLC	18-30759	1777
18.	Capstone Rehabilitation and Healthcare Center, LLC	18-30878	7871
19.	Charlottesville Pointe Rehabilitation and Healthcare Center, LLC	18-30801	4467
20.	Charlottesville RE, LLC	18-30829	0836
21.	Cleveland RE, LLC	18-30811	6013
22.	Clinton RE, LLC	18-30812	8109
23.	Cobblestone Rehabilitation and Healthcare Center, LLC	18-30869	1612
24.	Collierville RE, LLC	18-30841	8845
25.	Columbia RE, LLC	18-30815	8838
26.	Columbia Rehabilitation and Healthcare Center, LLC	18-30795	6772
27.	Comfort RE, LLC	18-30764	1902
28.	Connerville RE, LLC	18-30833	9824
29.	Corinth RE, LLC	18-30814	1777
30.	Cornerstone Rehabilitation and Healthcare Center, LLC	18-30800	8841
31.	Crystal Rehabilitation and Healthcare Center, LLC	18-30807	8842
32.	Delta Rehabilitation and Healthcare Center of Cleveland, LLC	18-30792	7212
33.	Descending Dove, LLC	18-30842	8081
34.	Diboll RE, LLC	18-30766	1939
35.	Easley RE II, LLC	18-30857	1819
36.	Easley RE, LLC	18-30854	1817
37.	Edgefield RE, LLC	18-30836	3574
38.	Farmville RE, LLC	18-30831	3442
39.	Farmville Rehabilitation and Healthcare Center, LLC	18-30804	4464
40.	Fleetwood Rehabilitation and Healthcare Center, LLC	18-30888	9615
41.	Fortress Health & Rehab of Rock Prairie, LLC	18-30765	1314
42.	Granbury RE, LLC	18-30769	1999
43.	Great Oaks RE, LLC	18-30819	1731
44.	Great Oaks Rehabilitation and Healthcare Center, LLC	18-30780	4357
45.	Greenville RE II, LLC	18-30846	1798

	<b>Debtor Name</b>	<b>Case No.</b>	<b>EIN</b>
46.	Greenville RE, LLC	18-30843	1797
47.	Greenville Rehabilitation and Healthcare Center, LLC	18-30882	3920
48.	Greenwood RE, LLC	18-30816	1654
49.	Greer RE, LLC	18-30839	1795
50.	Greer Rehabilitation and Healthcare Center, LLC	18-30859	9462
51.	Grenada RE, LLC	18-30821	1623
52.	Grenada Rehabilitation and Healthcare Center, LLC	18-30786	8843
53.	Heritage Park Rehabilitation and Healthcare Center, LLC	18-30787	9055
54.	Hillsville RE, LLC	18-30834	2195
55.	Hillsville Rehabilitation and Healthcare Center, LLC	18-30808	4463
56.	Holly Lane Rehabilitation and Healthcare Center, LLC	18-30797	9103
57.	Holly RE, LLC	18-30830	1816
58.	Holly Springs RE, LLC	18-30823	1559
59.	Holly Springs Rehabilitation and Healthcare Center, LLC	18-30789	6524
60.	Indianola RE, LLC	18-30822	6022
61.	Indianola Rehabilitation and Healthcare Center, LLC	18-30779	7203
62.	Italy RE, LLC	18-30761	2086
63.	Iva RE, LLC	18-30852	1801
64.	Iva Rehabilitation and Healthcare Center, LLC	18-30874	0384
65.	Johns Island Rehabilitation and Healthcare Center, LLC	18-30891	4898
66.	Joy of Bryan, LLC	18-30837	4072
67.	Lampstand Health & Rehab of Bryan, LLC	18-30767	2002
68.	Linley Park Rehabilitation and Healthcare Center, LLC	18-30890	0525
69.	Macon Rehabilitation and Healthcare Center, LLC	18-30880	9644
70.	Magnified Health & Rehab of Anderson, LLC	18-30773	9060
71.	Manna Rehabilitation and Healthcare Center, LLC	18-30863	9441
72.	Marietta RE, LLC	18-30867	1809
73.	McCormick RE, LLC	18-30864	1808
74.	McCormick Rehabilitation and Healthcare Center, LLC	18-30873	3193
75.	Memphis RE, LLC	18-30844	8846
76.	Midland RE, LLC	18-30832	5138
77.	Midland Rehabilitation and Healthcare Center, LLC	18-30799	9679
78.	Moultrie RE, LLC	18-30848	9943
79.	Mountain View Rehabilitation and Healthcare Center, LLC	18-30798	9227
80.	Natchez RE, LLC	18-30818	6019
81.	Natchez Rehabilitation and Healthcare Center, LLC	18-30803	6773
82.	New Ark Master Tenant, LLC	18-30885	7893
83.	New Ark Operator Holdings, LLC	18-30893	7623
84.	New Redeemer Health & Rehab of Pickens, LLC	18-30881	5321
85.	Olive Leaf Holding Company, LLC	18-30845	0129
86.	Olive Leaf, LLC	18-30866	0001
87.	Omega Health & Rehab of Greenville, LLC	18-30870	9461
88.	Orianna Health Systems, LLC	18-30785	5160
89.	Orianna Holding Company, LLC	18-30784	1323
90.	Orianna Investment, Inc.	18-30781	1141
91.	Orianna SC Operator Holdings, Inc.	18-30871	0383
92.	Palladium Hospice and Palliative Care, LLC	18-30887	1873
93.	Patewood Rehabilitation and Healthcare Center, LLC	18-30865	9457
94.	Picayune RE, LLC	18-30827	9749
95.	Picayune Rehabilitation and Healthcare Center, LLC	18-30793	9183
96.	Pickens RE II, LLC	18-30862	1823

	<b>Debtor Name</b>	<b>Case No.</b>	<b>EIN</b>
97.	Pickens RE, LLC	18-30860	1821
98.	Piedmont RE, LLC	18-30849	1800
99.	Poinsett Rehabilitation and Healthcare Center, LLC	18-30876	0713
100.	Poplar Oaks Rehabilitation and Healthcare Center, LLC	18-30813	4771
101.	Portland RE, LLC	18-30826	1822
102.	Provo RE, LLC	18-30835	3568
103.	Rainbow Rehabilitation and Healthcare Center, LLC	18-30802	4772
104.	River Falls Rehabilitation and Healthcare Center, LLC	18-30886	9788
105.	Riverside Rehabilitation and Healthcare Center, LLC	18-30883	3951
106.	Rock Prairie RE, LLC	18-30772	3636
107.	Rocky Mount RE, LLC	18-30838	5904
108.	Rocky Mount Rehabilitation and Healthcare Center, LLC	18-30810	4466
109.	Roy RE, LLC	18-30817	5142
110.	Scepter Rehabilitation and Healthcare Center, LLC	18-30872	1630
111.	Scepter Senior Living Center, LLC	18-30875	1621
112.	Simpsonville RE II, LLC	18-30858	1804
113.	Simpsonville RE, LLC	18-30855	1802
114.	Simpsonville Rehabilitation and Healthcare Center, LLC	18-30889	3564
115.	Snellville RE, LLC	18-30851	9933
116.	Southern Oaks Rehabilitation and Healthcare Center, LLC	18-30877	1141
117.	The Bluffs Rehabilitation and Healthcare Center, LLC	18-30796	9314
118.	The Ridge Rehabilitation and Healthcare Center, LLC	18-30892	1456
119.	Trinity Mission Health & Rehab of Connorsville, LLC	18-30805	8787
120.	Trinity Mission of Burleson, LLC	18-30762	2585
121.	Trinity Mission of Comfort, LLC	18-30763	2573
122.	Trinity Mission of Diboll, LLC	18-30768	2581
123.	Trinity Mission of Granbury, LLC	18-30771	2582
124.	Trinity Mission of Italy, LLC	18-30760	2576
125.	Trinity Mission of Winnsboro, LLC	18-30776	2583
126.	Utah Valley Rehabilitation and Healthcare Center, LLC	18-30782	9661
127.	Vicksburg RE, LLC	18-30828	0150
128.	Victory Rehabilitation and Healthcare Center, LLC	18-30794	9485
129.	Wadesboro RE, LLC	18-30853	9929
130.	Wide Horizons RE, LLC	18-30820	5144
131.	Wide Horizons Residential Care Facility, LLC	18-30790	9387
132.	Winnsboro RE, LLC	18-30770	2134
133.	Woodlands Rehabilitation and Healthcare Center, LLC	18-30791	9127
134.	Yazoo City RE, LLC	18-30824	8844
135.	Yazoo City Rehabilitation and Healthcare Center, LLC	18-30783	7216

**EXHIBIT D TO DISCLOSURE STATEMENT**

**FINANCIAL PROJECTIONS**

## Exhibit D

### DEBTORS' FINANCIAL PROJECTIONS AND ASSUMPTIONS

#### Introduction

The Debtors have prepared the Projections (as defined below) to assist the Bankruptcy Court in determining whether the *Debtors' Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code* (as may be further amended, modified or supplemented, the "Plan") meets the "feasibility" requirements of section 1129(a)(11) of the Bankruptcy Code. The Debtors believe that the Plan meets such requirements. In connection with the negotiation and development of the Plan, and for the purpose of determining whether the Plan meets the feasibility standard outlined in the Bankruptcy Code, the Debtors analyzed their ability to satisfy their financial obligations during the Projection Period (as defined below). With this consideration in mind, the Debtors' management and advisors prepared consolidated cash flow projections (the "Projections") for three years post Effective Date (the "Projection Period"). The Projections have been prepared on a consolidated basis, consistent with the Debtors' financial reporting practices.

The Projections present, to the best of the Debtors' knowledge, information, and belief, the Reorganized Debtors' projected operating results for the Projection Period and reflect the Debtors' assumptions and judgments of the Projections based on an estimated emergence date of approximately August 31, 2018 (the "Assumed Effective Date"). Although the Debtors are of the opinion that these assumptions are reasonable under current circumstances, such assumptions are subject to inherent uncertainties, including:

- the impact of economic conditions outside of the Reorganized Debtors' control and the corresponding impact on revenue and expenses;
- the Reorganized Debtors' ability to generate sufficient cash to service their debt;
- the Reorganized Debtors' ability to comply with the financial covenants that may be contained in their debt agreements;
- increasing interest rates;
- changes in accounting standards;
- regulatory changes and judicial rulings impacting the Reorganized Debtors' businesses;
- adverse results from litigation, governmental investigations, or tax related proceedings or audits;
- the Reorganized Debtors' reliance on third-party vendors for various services;
- other events beyond the Reorganized Debtors' control that may result in unexpected adverse operating results;
- the risks related to the impact that the Chapter 11 Cases and the Plan could have on the Reorganized Debtors' business operations, financial condition, liquidity, or cash flow;
- the possibility that the Bankruptcy Court does not confirm the Plan, or requires a resolicitation of votes; and
- the risks related to other parties objecting to the Plan and the resulting cost and expenses of delays in the Chapter 11 Cases.



The likelihood, and related financial impact, of a change in any of these factors cannot be predicted with certainty. Consequently, actual financial results could differ materially from the Projections. The Projections assume the Plan will be implemented in accordance with its stated terms. The Projections should be read in conjunction with the assumptions and qualifications contained herein.

THE FINANCIAL PROJECTIONS, INCLUDING THE UNDERLYING ASSUMPTIONS, SHOULD BE CAREFULLY REVIEWED IN EVALUATING THE PLAN. WHILE THE DEBTORS BELIEVE THE ASSUMPTIONS UNDERLYING THE FINANCIAL PROJECTIONS, WHEN CONSIDERED ON AN OVERALL BASIS, ARE REASONABLE IN LIGHT OF CURRENT CIRCUMSTANCES AND EXPECTATIONS, NO ASSURANCE CAN BE GIVEN THAT THE FINANCIAL PROJECTIONS WILL BE REALIZED.

THE FINANCIAL PROJECTIONS HAVE NOT BEEN EXAMINED OR COMPILED BY INDEPENDENT ACCOUNTANTS. THE DEBTORS MAKE NO REPRESENTATION OR WARRANTY AS TO THE ACCURACY OF THE FINANCIAL PROJECTIONS OR THEIR ABILITY TO ACHIEVE THE PROJECTED RESULTS. MANY OF THE ASSUMPTIONS ON WHICH THE PROJECTIONS ARE BASED ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES WHICH ARE BEYOND THE CONTROL OF THE DEBTORS. INEVITABLY, SOME ASSUMPTIONS WILL NOT MATERIALIZE AND UNANTICIPATED EVENTS AND CIRCUMSTANCES MAY AFFECT THE ACTUAL FINANCIAL RESULTS. THEREFORE, THE ACTUAL RESULTS ACHIEVED THROUGHOUT THE PERIOD OF THE FINANCIAL PROJECTIONS MAY VARY FROM THE PROJECTED RESULTS AND THE VARIATIONS MAY BE MATERIAL. ALL HOLDERS OF CLAIMS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE URGED TO EXAMINE CAREFULLY ALL OF THE ASSUMPTIONS ON WHICH THE FINANCIAL PROJECTIONS ARE BASED IN CONNECTION WITH THEIR EVALUATION OF THE PLAN.

#### **Summary of Significant Assumptions and Basis for Presentation**

The Projections were developed by the Debtors' management, outside advisors and HCN using detailed assumptions for the revenues and costs. The Debtors considered the following factors in developing the Projections:

- current and projected market conditions in the Debtors' markets;
- ability to maintain sufficient working capital to fund operations;
- capital expenditure levels to support management's revenue and cost assumptions;
- no material acquisitions or divestitures; and
- the Debtors' emergence from chapter 11 on the Assumed Effective Date.

The Projections have been prepared in good faith based upon assumptions believed to be reasonable. The Projections include assumptions with respect to various financial accounts of the companies, which are based upon managements' estimates and market conditions.

#### **Financial Forecast**

The following summarizes the underlying key assumptions upon which the Projections are based.

##### *Revenues:*

- Census is assumed to remain flat
- The projected payor mix will improve slightly after the Effective Date due to enhanced referral relationships
- Annual rate increases by payor category are assumed as follows:
  - Private Pay – 3%

- Medicare – 2%
- Medicaid – 1%
- Insurance – 1%
- Hospice – 1%
- VA – 1%

*Expenses:*

- All expenses are projected to grow at 2% a year except for the following:
  - Central Services – 1%
  - Ancillary Costs – 1.5%
  - Administrative Costs – 1%
- Bad Debt is assumed at a rate of 3.0% of revenues and is included in the projected administrative expense
- Overhead Cost and Shared Service Fee are projected at a rate of 6% of revenues

*Capital Expenditures:*

- Capital Expenditures are assumed at a rate of \$500 per bed

*Capital Structure Assumptions:*

- The capital structure is assumed to be comprised of (a) a working capital loan, (b) a combination of senior and mezzanine debt funded at closing, (c) the subordinated note as described in the Plan and (d) an equity contribution. Details assumed for purposes of the Financial Projections are set forth below.
- Senior / Mezzanine Debt:
  - Amount - \$185.0 million
  - Blended interest rate – 9%
  - Amortization rate – 30 years
  - Interest only – 18 months
- Working Capital Loan:
  - Amount - \$20.0 million
  - Interest rate – 5.5%
- Omega Seller Note:
  - Amount - \$30.0 million
  - Interest rate – 6.0%
    - Years 1 to 5: 4% current pay with 2% accrual
    - Years 6 to 10: 6%
- Preferred Equity:
  - Amount - \$20.0 million
  - Rate – 8%

**UNAUDITED PROJECTIONS**

	Year 1	Year 2	Year 3
	<u>Total</u>	<u>Total</u>	<u>Total</u>
<b><u>Net Patient Revenues</u></b>			
Private Pay	9,449,425	9,927,565	10,429,900
Medicare A	52,778,592	54,372,506	56,014,556
Medicaid	89,633,781	89,624,818	89,615,856
HMA	26,528,589	27,589,733	28,693,322
Insurance/HMO	5,426,733	5,755,050	6,103,231
Hospice	7,228,507	7,300,792	7,373,800
VA	2,696,668	2,723,635	2,750,871
Total Ancillaries	5,690,557	5,804,368	5,920,455
Palladium Revenue	8,897,687	9,120,129	9,348,132
Total Net Revenues	<b>\$ 208,330,539</b>	<b>\$ 212,218,596</b>	<b>\$ 216,250,123</b>
<b><u>Operating Expenses</u></b>			
Direct Nursing	54,583,901	55,948,498	57,347,211
Nursing Administration	9,624,745	9,865,364	10,111,998
Central Services	8,415,353	8,499,507	8,584,502
Ancillary Costs	31,906,969	32,385,573	32,871,357
Palladium Costs	4,790,310	4,862,164	4,935,097
Subtotal Variable Expenses	109,321,278	111,561,107	113,850,165
Dietary	13,017,681	13,278,034	13,543,595
Activities	2,735,459	2,790,169	2,845,972
Social Services	1,717,694	1,752,048	1,787,089
Housekeeping	4,966,894	5,066,232	5,167,557
Laundry	3,318,573	3,384,945	3,452,643
Plant Operations	6,419,457	6,547,846	6,678,803
Administrative	19,929,257	20,128,549	20,329,835
Employee Benefits	3,900,740	3,978,755	4,058,330
Property Costs	2,971,258	3,030,683	3,091,297
Palladium Administrative	4,529,495	4,620,085	4,712,486
Total Other	27,979	28,538	29,109
Total Operating Expense	172,855,765	176,166,991	179,546,880
<b>EBITDARM</b>	<b>35,474,775</b>	<b>36,051,606</b>	<b>36,703,243</b>
<i>EBITDARM margin</i>	<i>17%</i>	<i>17%</i>	<i>17%</i>
Capital Expenditures	\$ 500 1,065,000	1,065,000	1,065,000
Overhead and Shared Services	6.00% 11,965,971	12,185,908	12,414,119
<b>Net Cash Flow (NCF) or EBITDAR</b>	<b>22,443,804</b>	<b>22,800,698</b>	<b>23,224,123</b>
<i>NCF or EBITDAR Margin</i>	<i>11%</i>	<i>11%</i>	<i>11%</i>
Less:			
Working Capital Debt Service	1,100,000	1,100,000	1,100,000
Senior/Mezz Debt Service			
Interest	15,547,731	15,413,187	15,266,751
Principal	1,522,148	1,656,692	1,803,129
	17,069,879	17,069,879	17,069,879
Omega Seller Note	1,290,142	1,347,885	1,336,691
Equity Preferred Return	1,600,000	1,600,000	1,600,000
<b>Net Cash Flow</b>	<b>\$ 1,383,782</b>	<b>\$ 1,682,933</b>	<b>\$ 2,117,553</b>

**EXHIBIT E TO DISCLOSURE STATEMENT**

**LIQUIDATION ANALYSIS**

4 West Holdings, Inc., et. al.  
Liquidation Analysis

	Book Balance (3/31/2018) (1),(2),(4)		High Range (000)		Low Range (000)
<b>1. Amounts Realized from Sale of Liened Assets and</b>					
<b>Forecasted Distribution to Secured Creditors</b>					
<b>Sources of Funds</b>					
<b>Capitalized Leases<sup>(3)</sup></b>					
Property, Plant and Equipment, net	\$331,459		\$0		\$0
<b>Current Assets</b>					
Cash	\$17,255	100%	\$17,255	100%	\$17,255
Accounts receivable, net	54,204	80%	43,363	60%	32,522
Other assets - Medicare/Medicaid <sup>(5)</sup>	0	50%	0	25%	0
Prepays	2,116	5%	106	5%	106
Deposits	1,300	0%	0	0%	0
Inventory, Supplies and Misc. Consumable Assets	330	50%	165	50%	165
PP&E - Vehicles	112	25%	28	10%	11
Deferred Taxes	2,589	0%	0	0%	0
Intangibles - Internet Domain	13	100%	13	0%	0
Goodwill, net	87,414	0%	0	0%	0
<b>Total Assets</b>	<b>\$165,334</b>		<b>60,930</b>		<b>50,060</b>
<b>Net Asset Realization Before Payment of Secured Debt</b>					
			<b>\$60,930</b>		<b>\$50,060</b>
<b>Uses of Proceeds</b>					
<b>Secured Claims</b>					
Payment of DIP Revolver			29,782	100%	29,782
Balance Remaining			31,148		20,278
Payment of Secured Claims Excluding DIP					
Working Capital Loan			15,242	11.4%	15,242
Accrued Pre-Petition Rent			52,567		52,567
Accrued Pre-Petition Imposition			5,798		5,798
Texas Termination			1,250		1,250
Omega Parties-Post Petition Rent <sup>(6)</sup>			-		-
Omega Parties-Prepetition, Omega Parties § 502(b)(6)			178,441		178,441
Total Secured Claims Excluding DIP Revolver			253,298		253,298
Chapter 7 Trustee Fees - Assumes 3% of Net Asset Realization after Commission			1,775	100%	1,458
Chapter 7 Administrative Expenses			500		500
Net Amount Available for Payment to Secured Lenders After Payment of DIP/Revolver and Trustee's Fees and Professionals			28,873		18,320
<b>Deficiency Claim on Secured Claims</b>			<b>(\$224,425)</b>		<b>(\$234,978)</b>
<b>2. Amounts Available for Distributions to</b>					
<b>Administrative, Priority and Unsecured Creditors</b>					
<b>Sources of Funds</b>					
Chapter 5 Avoidance Claims, net-assumes collection costs of 30%			1,610		1,610
<b>Total Amount Available for Distribution to Administrative, Priority and Unsecured Creditors</b>			<b>1,610</b>		<b>1,610</b>
<b>Uses of Funds</b>					
<b>Payment of Chapter 7 Administrative Expense Claims</b>					
Chapter 7 Trustee Fees - assumes 3% on avoidance claims, net after Commission			67	100%	67
Chapter 7 Administrative Expenses including Professionals			200		200
<b>Total Chapter 7 Administrative Expense Claims</b>			<b>267</b>		<b>267</b>
Payment to Chapter 7 Administrative Creditors			267		267
<b>Amount Available for Distribution After Payment of Chapter 7 Administrative Expense Claims</b>			<b>1,343</b>		<b>1,343</b>
<b>Payment of Chapter 11 Administrative Claims including Professionals</b>					
Chapter 11 Professional Fees			1,700	4.5%	1,700
§503(b)(9) Claims			1,448		1,448
Post-Petition Accrued Expenses and Payables			18,558		18,558
Omega Post-Petition Rent <sup>(6)</sup>			8,053		8,053
<b>Total Chapter 11 Administrative Expense Claims</b>			<b>29,759</b>		<b>29,759</b>
Payment to Chapter 11 Administrative Creditors			1,343		1,343
<b>Amount Available for Distribution after Payment of Administrative Expense Claims</b>			<b>\$0</b>		<b>\$0</b>
<b>Pre-Petition Priority Claims</b>					
Accrued vacation			1,096	0%	1,096
Accrued taxes <sup>(7)</sup>			800		800
<b>Total Priority Claims</b>			<b>1,896</b>		<b>1,896</b>
<b>Amount Available for Distribution for Pre-Petition Priority Claims</b>			<b>\$0</b>		<b>\$0</b>
<b>General Unsecured Claims</b>					
Accounts payable			70,842	0%	70,842
Reserve for Tort Claims (Pre-Petition)			20,300		20,300
New Ark Mezz Note			7,616		7,616
Secured Lenders Deficiency Claim <sup>(8)</sup>			232,116		242,669
<b>Total Unsecured Claims</b>			<b>330,874</b>		<b>341,427</b>
<b>Amount Available for Distribution for General Unsecured Claims</b>			<b>0%</b>		<b>0%</b>
<b>Percentage Distribution by Class</b>					
Secured Claims (Excluding DIP)			11.4%		7.2%
Chapter 7 Administrative Expense Claims			100.0%		100.0%
Chapter 11 Administrative Expense Claims			4.5%		4.5%
Priority Claims			0.0%		0.0%
General Unsecured Creditor Claims			0.0%		0.0%

**4 WEST HOLDINGS, INC. *et. al.***  
**HYPOTHETICAL LIQUIDATION ANALYSIS**

**THE AMOUNTS PRESENTED ARE ESTIMATES AND ARE BASED UPON THE ASSUMPTIONS NOTED. ACTUAL RESULTS COULD VARY MATERIALLY FROM WHAT IS PRESENTED**

Pursuant to section 1129(a)(7) of the Bankruptcy Code (frequently identified as the "best interests test"), Holders of Allowed Claims must either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the Plan's assumed Effective Date, that is not less than the value such non-accepting Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code ("Chapter 7" and, the cases thereunder, the "Chapter 7 Cases" and, the trustee appointed thereunder, "Chapter 7 Trustee").

In determining whether the best interests test has been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets under Chapter 7. The Debtors have prepared this hypothetical liquidation analysis (the "Liquidation Analysis") in connection with the Disclosure Statement. The Liquidation Analysis reflects the estimated cash proceeds, net of liquidation-related costs that would likely be available to the Debtors' creditors if the Debtors were to be liquidated under Chapter 7 as an alternative to the restructuring of the Debtors' businesses as proposed under the Plan. Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon the assumptions discussed herein and in the Disclosure Statement. All capitalized terms not defined in this Liquidation Analysis have the meanings ascribed to them in the Disclosure Statement.

**UNDERLYING THE LIQUIDATION ANALYSIS ARE NUMEROUS ESTIMATES THAT, ALTHOUGH DEVELOPED AND CONSIDERED REASONABLE BY THE DEBTORS, ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, REGULATORY, LITIGATION AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS AND THEIR MANAGEMENT. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, LIQUIDATED UNDER CHAPTER 7 OF THE BANKRUPTCY CODE, AND ACTUAL RESULTS COULD MATERIALLY DIFFER FROM THE RESULTS SET FORTH HEREIN.**

**The Liquidation Analysis is premised upon the assumption that the Chapter 7 Trustee and OHI will work together in transitioning the Operating Facilities to new operators in an orderly manner and without any interruptions in service.**

**4 WEST HOLDINGS, INC., et. al.**  
**LIQUIDATION ANALYSIS ASSUMPTIONS**

**1. Consolidated Basis**

The financial information presented is on a consolidated basis.

**2. “AS OF” Information Date**

The Liquidation Analysis assumes that the Chapter 11 cases were converted to Chapter 7 during May 2018. Unless otherwise noted, asset and liability book balances are stated as of March 31, 2018.

**3. Capitalized Leases**

Certain of the Debtors are parties to three active leases (and associated subleases), namely (i) the Master Lease Agreement (Indiana Region), effective November 27, 2013, (ii) the Master Lease Agreement (South East Region), effective November 27, 2013, and (iii) the Master Lease Agreement between OHI Asset (SC) Greenville, LLC, OHI Asset (GA) Macon, LLC, OHI Asset (SC) Orangeburg, LLC as Landlords and New Ark Master Tenant, LLC (Laurel Baye), effective June 27, 2014 (collectively, and as amended from time to time thereafter, the “Master Leases”). The landlord with respect to the three leases is OHI Asset RO, LLC (“OHI”) or subsidiaries or affiliates of OHI (together, the “Omega Parties”).

For purposes of the Insolvency Analysis, it is assumed that the Master Leases will be rejected and that the Omega Parties will have a lease rejection claim under Bankruptcy Code Section 502(b)(6).

Amount indicated includes net fixed assets of approximately \$327.4 million (excluding transportation equipment) and approximately \$4.059 million for the Facilities’ Certificates of Need.

**4. Substantive Consolidation**

For purposes of the Liquidation Analysis, the Debtors have assumed that the Debtors will be substantively consolidated.

**5. Medicare/Medicaid Receivables (Payables)**

For purposes of this Liquidation Analysis, the receivable (payable) owed to or from the Debtors for prior and current year Medicare/Medicaid cost report amounts have been set-off, resulting in a net liability owed by the Debtors. The amount owed by the Debtors is included in pre-petition general unsecured accounts payable.

**6. Omega Post-Petition Rent Claim**

The Debtors’ monthly rent under the Master Leases is \$3,869,388 per month for the months of March, April, and May 2018. Under the Restructuring Support Agreement, the Debtors’ monthly rent was restructured with Interim Rent of \$1 million per month due and payable with the balance of the Post-Petition Rent waived upon the entry of a Confirmation Order. The Omega Parties’ Post Petition Rent Claim is as follows:

March 6, 2018 – May 31, 2018	\$10,859,250
Interim Rent Payments	<u>(2,806,500)</u>
Post-Petition Rent (Secured/Administrative Expense Claim)	<u>\$8,052,750</u>

The Omega Post-Petition Rent Claim qualifies as both a secured claim and an administrative expense claim. For purposes of presentation in the Liquidation Analysis and to avoid “double counting,” the Debtors have reflected this claim in the Liquidation Analysis as an Administrative Expense Claim.

**7. Pre-Petition Property Taxes**

This account balance has been adjusted to reclass accrued property taxes to include in the liability account “Accrued Pre-Petition Imposition.”

**8. General Unsecured Claims**

In addition to the amounts reflected, the deficiency claims of the Secured Lenders (Omega Parties) would also qualify to share *pari passu* any distributions to general unsecured creditors.