SPECIAL COMMITTEE SUPPORT OF PROPOSED PLAN OF REORGANIZATION

The Special Committee of the Board of Directors (the "Committee") of IMH Financial Corporation (the "Debtor") supports the approval of the enclosed Plan of Reorganization (the "Plan").

In summary, the enclosed Plan provides for an equitable resolution of the Chapter 11 case. The Debtor's creditors and its preferred stockholders have consented to their treatment under the Plan. The Debtor's creditors generally will be characterized as unimpaired, but JPMorgan Chase Funding, Inc. ("JPM") and JCP Realty Partners, Inc. ("Juniper") will be impaired under the Plan. The Debtor's common stockholders and warrantholders will receive $0.45 - $0.30 per share and $0.02 per warrant, respectively, if the Plan if confirmed. The Committee recommends that you vote in favor of the Plan. This communication explains why.

The Committee was appointed in the fall of 2019 to explore alternatives for the Debtor and to make appropriate recommendations. The Committee consists of solely independent directors. The Committee, in conjunction with its financial advisor, Stifel, Nicolaus & Company and its affiliate, Miller Buckfire LLC (collectively, "Miller Buckfire"), initially analyzed the financial position of the Debtor and then considered numerous alternatives.

The Committee recognized that the Debtor's assets are dispersed and do not present a coherent whole. The Committee also recognized that the Debtor was experiencing significant cash flow problems, partially due to the shutdown of MacArthur Place because of a wild fire problem in the area in 2019 and the slow completion of improvements and ramp up of business after the fires. Additionally, among the issues facing the Debtor was significant expense related to public company reporting and compliance cost, with no corresponding liquidity benefit for its stockholders. Other issues included capital constraints that limited the Debtor's ability to fund further expansion of the number of hotel rooms in the MacArthur Place property or to realize upon the potential value of the Debtor's New Mexico properties. With the assistance of Miller Buckfire, the Committee reviewed a number of strategic alternatives for the Debtor. The Committee recognized that the Debtor also had substantial net operating losses ("NOLs"), but present law limits the Debtor's ability to realize any substantial value from these NOLs.

During the course of the Committee's proceedings, the COVID-19 pandemic delivered a significant blow to the Debtor, forcing a shutdown of one of its principal assets, MacArthur Place, and magnifying the Debtor's liquidity problems. Further study had also suggested that there would be no sale or joint venture with the New Mexico property to create material value in the short term.

As the spring of 2020 progressed, it became clear that the only viable alternative for the Debtor was a transaction (either in or outside of bankruptcy) to JPM and/or Juniper, both of whom held considerable rights with regard to the approval of corporate transactions. The Committee engaged in intensive negotiations with the interested parties, which ultimately resulted in the Plan.

The Committee believes that the Plan represents the best chance the Debtor's common stockholders and warrantholders have to receive any value related to their holdings. The Committee has reviewed credible reports that conclude, and it concurs, that the common stockholders and warrantholders likely would not receive any payment in the event of a liquidation. Implicit with that conclusion, in a liquidation scenario it is also unlikely that preferred stockholders would receive payment in full. In contrast, under the Plan, JPM is committed to provide financing to the Debtor, which should enable it to pay its ongoing obligations through the Debtor's proceedings and ultimately return between \$0.45 and \$0.30 cash per share to the common stockholders and \$0.02 cash per warrant to the warrantholders. The Plan also contains a mechanism that provides for cost sharing between JPM, Juniper and the common stockholders, which the Committee believes incentivizes all parties to promptly confirm the Plan. The earlier the Plan is confirmed, the greater the chance of maximizing the recovery of the common stockholders. The Committee recognizes that there are risks related to the confirmation of the Plan, but believes that it is the best alternative despite such risks.

The Committee emphasizes that it engaged in extensive negotiations with the interested parties over the course of several months. These protracted negotiations were difficult. Nonetheless, the Committee significantly improved the potential recovery for the common stockholders, despite the worsening financial condition of the Debtor.

The Committee also notes that if the Plan is rejected by the Debtor's common stockholders as a class or the warrantholders as a class, the classification of one or both of these classes as rejecting the Plan will not alter the Plan and is unlikely to halt the confirmation of the Plan. In such a case, the Plan could be expected to be confirmed despite its rejection by the common stockholders and/or the warrantholders. Additionally, pursuant to the terms of the Plan, if the common stockholders reject the Plan, they will receive no distribution under the Plan. Similarly, if the warrantholders reject the Plan, they will receive no distribution under the Plan. Accordingly, any vote against the Plan may jeopardize the recovery of the common stockholders or warrantholders, as the case may be.

For those reasons among others, the Committee believes the proposed Plan is in the best interest of all interested parties, but especially to the common stockholders and the warrantholders. It represents the best deal possible under the circumstances. Accordingly, the Committee requests that you vote in favor of the Plan.

IN WITNESS WHEREOF, the undersigned has executed this document on August 31, 2020.

Lori Wittman, Chair
Special Committee
IMH Financial Corporation