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

IN RE:	)	
	)	Case No.11-51502
1555 WABASH LLC,	)	Chapter 11
an Illinois Limited Liability Company,	)	Judge Jacqueline P. Cox
	)	
Debtor/Debtor-in-Possession.	)	

DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT

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DEBTOR'S FIRST AMENDED DISCLOSURE STATEMENT

1555 WABASH, LLC, an Illinois limited liability company, Debtor/Debtor-in-Possession herein, by and through its Attorneys, submits this First Amended Disclosure Statement ("Disclosure Statement") pursuant to Section 1125 of the Bankruptcy Code and in conjunction with its First Amended Plan of Liquidation ("Plan"). A copy of the Plan is attached to this Disclosure Statement as **Exhibit A**.[1]

THIS DISCLOSURE STATEMENT IS PROVIDED TO ALL KNOWN HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR WHO ARE ENTITLED TO VOTE THEIR ACCEPTANCE OR REJECTION OF THE PLAN. THIS DISCLOSURE STATEMENT IS DISSEMINATED IN CONNECTION WITH THE SOLICITATION OF ACCEPTANCES OF THE PLAN FILED BY THE DEBTOR. THE PURPOSE OF THIS DISCLOSURE STATEMENT IS TO PROVIDE SUCH INFORMATION AS WOULD ENABLE A HYPOTHETICAL, REASONABLE INVESTOR, TYPICAL OF THE HOLDER OF CLAIMS AND INTERESTS WHICH ARE IMPAIRED UNDER THE PLAN, TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN SUBMITTED BY THE DEBTOR UNLESS SPECIFICALLY STATED TO BE FROM OTHER SOURCES. NO REPRESENTATIONS CONCERNING THE DEBTOR OR THE PLAN, OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT, HAVE BEEN AUTHORIZED BY THE DEBTOR. THE DEBTOR BELIEVES THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE

[1]Capitalized terms not defined in this Disclosure Statement shall have the meanings ascribed to them in the Plan.

STATEMENT IS ACCURATE. HOWEVER, THE DEBTOR IS UNABLE TO WARRANT THAT THERE ARE NO INACCURACIES.

PURSUANT TO THE BANKRUPTCY CODE, A CLASS OF CLAIMS IS CONSIDERED TO HAVE ACCEPTED THE PLAN IF BOTH A MAJORITY IN NUMBER AND TWO-THIRDS (2/3) OF THE DOLLAR AMOUNT OF THOSE ACTUALLY VOTING VOTE TO ACCEPT THE PLAN. THE CLAIMS OF THOSE WHO DO NOT VOTE ARE NOT COUNTED IN DETERMINING WHETHER THE REQUISITE STATUTORY MAJORITY IN NUMBER AND DOLLAR AMOUNT HAVE VOTED FOR ACCEPTANCE. ACCEPTANCE BY THE STATUTORY MAJORITY WILL BIND THE MINORITY WHO DISSENT AND THOSE WHO FAIL TO VOTE.

INTRODUCTION

The Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code on December 27, 2011 ("Petition Date"). The Debtor is operating its business and managing its financial affairs as Debtor in Possession pursuant to Sections 1101, 1107 and 1108 of the Bankruptcy Code. No trustee, examiner or committee of unsecured creditors has been appointed to serve in this Chapter 11 Case.

I. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN[2]

The Plan implements the principal terms of the Settlement Agreement dated as of September 19, 2012 ("Settlement Agreement") by and among (i) the Debtor; (ii) New West Realty Development Corp. ("New West"); (iii) Theodore Mazola ("Mazola"); (iv) August Mauro ("Mauro"); and (v) AmT CADC Venture, LLC ("Lender"). The Settlement Agreement, a copy of which is attached to this Disclosure Statement as **Exhibit B**, is described in greater detail below in Section III.B.

[2] This Section is intended to provide the information required by Rule 3016-1 of the Local

A. Classification of Claims and Interests

1. Claims Not Classified Under the Plan

The following Unclassified Claims exist under the Plan pursuant to Section 1123(a)(1) of the Bankruptcy Code: (i) Administrative Claims and (ii) the Claims, if any, of the Internal Revenue Service ("IRS"), the Illinois Department of Revenue ("IDR"), and any other federal, state or local taxing authority which are entitled to priority under Section 507(a)(8) of the Bankruptcy Code (collectively, "Tax Claims").[3]

2. Claims and Interests Classified Under the Plan

Class 1: The Lender Secured Claim, which shall be treated as an Allowed Claim pursuant to the terms of the Plan.

Class 2: The Secured Claims, if any, of the holders of pre-petition Real Estate Tax Claims that become Allowed Claims.

Class 3: The Secured Claims, if any, of Mechanics Lien Creditors that become Allowed Claims.

Class 4: The Allowed Claims of tenants who are renting apartments at the Property ("Tenants") for security deposits delivered to the Debtor.

Class 5: The Lender Unsecured Claim, which shall be treated as an Allowed Claim pursuant to the terms of the Plan.

Class 6: The Allowed Claims of general unsecured creditors, inclusive

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Rules of the Bankruptcy Court.

[3] No Claims of the types specified in Sections 507(a)(1) and 507(a)(4) through 507(a)(6) of the Bankruptcy Code exist in this Chapter 11 Case.

of the Claim of Weyerhauser Realty Investors ("Weyerhauser") but exclusive of the Lender Unsecured Claim in Class 5 (collectively, "Unsecured Claims").

Class 7: The Allowed Interests of New West, the sole member of the Debtor ("Member").

B. Treatment of Claims and Interests Under the Plan

1. Treatment of Unclassified Claims

Under Article 4 of the Plan, Unclassified Claims shall be paid as follows:

Administrative Claims: Except as expressly provided In the Plan and except as may be agreed to by the holder of an Administrative Claim that is an Allowed Claim, each Administrative Claim that is an Allowed Claim shall be paid on the Effective Date in cash in accordance with Section 1129(a)(9)(A) of the Bankruptcy Code from available cash of the Debtor, unless such holder agrees to a different treatment; provided, however, that (i) Claims of post-petition trade creditors of the Debtor that are reflected in the Debtor's books and records will be paid in the ordinary course of business in accordance with the terms under which such Claims were incurred or, to the extent such Claims are not due and payable on the Confirmation Date shall be assumed by the Lender pursuant to the terms of the Confirmation Order; (ii) all Administrative Claims for the payment of fees and expenses of professionals retained by the Debtor[4] shall remain

[4] The Debtors project that approximately $150,000.00 will be owed to professionals holding Allowed Administrative Claims, which amount is in addition to the $75,000.00 previously paid as a pre-petition retainer to Debtor's Counsel. The projected amount is merely the Debtor's estimate and is, therefore, subject to change. Furthermore, in projecting this amount, the Debtor does not expect a contested Confirmation hearing. In the event of a contested Confirmation hearing, Administrative Claims of professionals may increase. Furthermore, the

subject to approval of the Bankruptcy Court in accordance with applicable provisions of the Bankruptcy Code and the Bankruptcy Rules; and (iii) Administrative Claims for the payment of professional fees and expenses that become Allowed Claims after the Effective Date shall be paid by the Lender, provided that the aggregate amount of such Administrative Claims to be paid by the Lender shall not exceed $150,000.00.

Tax Claims: The Tax Claims, to the extent any exist, of the IRS and IDR that are Allowed Claims shall be paid in full, inclusive of allowed interest as provided by applicable federal or state statutes, in cash on the Effective Date. The Debtor believes that there are no Tax Claims that currently are or will become Allowed Claims. This treatment of Tax Claims that are or become Allowed Claims is intended to comply with the requirements of Section 1129(a)(9)(C) of the Bankruptcy Code.

2. Treatment of Claims Not Impaired Under the Plan

Under Article 5 of the Plan, Allowed Claims in Classes 2 and 4 are not impaired.

Class 2: In full satisfaction, settlement, release, and discharge of an Allowed Claim in Class 2, each holder of such Claim shall receive and/or retain:

A. Its lien on the Property, with the same validity, enforceability, perfection and priority as it had on the Petition Date and as may have been acquired during the course of this Chapter 11 Case pursuant to Orders entered by the Bankruptcy Court, until such Allowed Claim is paid in full; and

B. Payment of the entire unpaid balance of such Allowed Claim, including any accrued statutory interest, in full in cash on the earlier of the Effective Date or the date on which such Allowed Claim becomes due and payable under applicable

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amount of Allowed Administrative Claims may further increase to account for other professionals which may be retained pursuant to Order(s) of the Bankruptcy Court.

law. Any Real Estate Tax Claims that are not due and payable as of the Effective Date shall be assumed by the Lender pursuant to the terms of the Confirmation Order and the Plan and shall be paid in accordance with applicable law.[5]

Class 4: In full satisfaction, settlement, release, and discharge of an Allowed Claim in Class 4, such Claim shall be paid in full in cash as and when such payment becomes due in accordance with the terms of the underlying lease between the Debtor and the applicable tenant. Prior to the Effective Date, the Debtor shall timely perform all of its obligations under the terms of the leases with its tenants. On the Effective Date, the Lender shall be deemed to have assumed all obligations of the Debtor under the leases between the Debtor and the tenants at the Property, and all such leases shall be assumed by the Debtor and assigned to the Landlord.

3. Treatment of Claims and Interests Impaired Under the Plan

Under Article 6 of the Plan, Allowed Claims in Classes 1, 3, 5 and 6 and Allowed Interests in Class 7 are impaired.

Class 1: The Lender Secured Claim shall be treated as an Allowed Claim in the amount of $28 million pursuant to the terms of the Plan.

Treatment: On the Effective Date, in consideration for the full and complete satisfaction, settlement, release, and discharge of the Lender Secured Claim, the Property and all other assets of the Debtor's Estate, including all cash held in the Debtor's bank accounts on the Effective Date, all security deposits held by the Debtor,

[5] The Debtor expects that all Class 2 Claims will be paid in full prior to the Confirmation Hearing.

all accounts receivable, equipment, fixtures, furniture and other personal property owned by the Debtor, and all licenses, permits and approvals necessary for the operation, ownership and use of the Property (but excluding any claims and causes of action under Chapter 5 of the Bankruptcy Code), shall be irrevocably sold and transferred to the Lender or its designee. On the Effective Date, the Lender (or its designee) shall take title to and possession of the Property and all other assets of the Debtor's Estate (except for any claims and causes of action under Chapter 5 of the Bankruptcy Code) free and clear of all liens, Claims, interests and encumbrances except for (i) any mechanics liens or other statutory liens that are senior in priority to the liens securing the Lender Secured Claim, as may be determined by the Bankruptcy Court or another court of competent jurisdiction, and (ii) any liabilities which the Lender expressly agrees to assume pursuant to the terms of the Confirmation Order, including all obligations of the Debtor under executory contracts or unexpired leases that are assumed by the Debtor and assigned to the Lender on or prior to the Effective Date.

The sale and transfer of the Property and other assets of the Debtor's Estate to the Lender on the Effective Date shall be free and clear of all tort Claims, contract Claims, successor liability Claims, condominium contract Claims, condominium warranty Claims, successor developer Claims, all Secured Claims that are junior in priority to the Lender Secured Claim, all Claims of Unsecured Creditors, and any express or implied warranties made by the Debtor before or after the Petition Date, each to the fullest extent permitted by Section 363 of the Bankruptcy Code.

Except with respect to any liabilities of the Debtor that are expressly assumed by the Lender, all creditors of the Debtor shall be barred, estopped and enjoined from taking any action of any kind against the Lender or the Property on account of any Claim against the Debtor arising prior to the Effective Date.

The Lender shall not be deemed to be a successor to the Debtor or the Debtor's Estate by reason of any theory of law or equity and the Lender shall not assume or in any way be responsible for any liability or obligation of the Debtor or the Debtor's Estate except for liabilities or obligations that the Lender expressly assumes.

If any person or entity that has filed financing statements, mortgages, mechanics liens, *lis pendens*, or other documents or agreements evidencing liens and other interests of record against the Property that are junior in priority to the liens securing the Lender Secured Claim has not delivered to the Debtor or the Lender prior to the Effective Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, or releases of all liens and other interests of record that such person or entity has asserted against the Property, then, upon the Effective Date, the Lender shall be authorized to file, register or otherwise record a certified copy of the Confirmation Order which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all liens and other interests of record against the Property that are junior in priority to the liens securing the Lender Secured Claim.

Except as otherwise set forth in the Settlement Agreement, the treatment of the Lender Secured Claim under the Plan shall not be deemed to satisfy such Claim for the

purposes of determining the liability of any third party in respect of such Claim, and no treatment provided in respect of the Lender Secured Claim shall limit or impair, or be deemed to limit or impair, any rights the Lender may have against any third parties in respect of the Lender Secured Claim.

The Lender shall be entitled to retain all Post Petition Payments and shall apply such payments to reduce the principal amount of the Lender Secured Claim.

Class 3: Class 3 consists of Secured Claims of Mechanics Lien Creditors. Allowed Claims in Class 3 that are senior in priority to the Lender Secured Claim shall be entitled to receive distributions under the Plan. Claims of Mechanics Lien Creditors that are not Secured Claims or that are not senior in priority to the Lender Secured Claim shall be treated as Unsecured Claims in Class 6. The schedules of assets and liabilities filed by the Debtor reflect the following Disputed Claims asserted by Mechanics Lien Creditors in Class 3:

Mechanics Lien Creditor	Amount
Cement Mason's Local Union 502	$25,409.01
Evans Construction Services	$398,937.00
Forming Concepts	$63,790.85
J&D Erectors	$121,351.21
Sky Climber Access Solutions	$4,250.42
Total:	**$613,738.49**

The dollar amounts listed above are not the projected Allowed Claim amounts for the Mechanics Lien Creditors. Indeed, following the application of defenses that are available to the Debtor under applicable law, the Debtor expects that the Allowed Claim amounts for the Mechanics Lien Creditors will be substantially lower than the amounts listed above.

Treatment: On the Effective Date, in full satisfaction, settlement, release, and discharge of an Allowed Claim in Class 3, (i) each such Claim shall be paid in full in cash, (ii) the lien securing such Allowed Claim shall be deemed released and satisfied, (iii) the holder of such Allowed Claim shall be enjoined from pursuing any rights or remedies against the Debtor, the Lender, or the Property, and (iv) all pending actions related to such Allowed Claim shall be dismissed with prejudice.

Upon completion of the payments under the Plan to Mechanics Lien Creditors on account of the Allowed Claims in Class 3, all of the liens, security interests and Claims of Mechanics Lien Creditors shall be deemed released and discharged. To the extent requested by the Lender, once the Allowed Claims in Class 3 are paid in full as required by the Plan, the Mechanics Lien Creditors shall prepare and file any and all documents that may be reasonably necessary to effectuate and record the termination of all liens and security interests asserted by the Mechanics Lien Creditors.

Claims of Mechanics Lien Creditors that become Allowed Claims after the Effective Date shall be paid by the Lender in cash. Following such payment, (i) the lien securing such Allowed Claim shall be deemed released and satisfied, (ii) the holder of such Allowed Claim shall be enjoined from pursuing any rights or remedies against the

Lender or the Property, (iii) all pending actions related to such Allowed Claim shall be dismissed with prejudice, and (iv) the holder of such Allowed Claim shall prepare and file any and all documents that may be reasonably necessary to effectuate and record the termination of all liens and security interests it had asserted against the Property.

Class 5: Class 5 consists of the Lender Unsecured Claim, which shall be treated as an Allowed Claim under the Plan. The Lender Unsecured Claim is impaired and will receive no distributions under the Plan. Class 5 is impaired and entitled to vote on the Plan.

Class 6: Class 6 consists of the Claims of Unsecured Creditors. Unsecured Creditors will receive no distributions under the Plan. Class 6 is impaired and entitled to vote on the Plan.

Class 7: Class 7 is comprised of the Allowed Equity Interests in the Debtor which are held by the Member. Under the Plan, the membership interests of the Member shall be deemed cancelled on the Effective Date and the Member will receive no distributions under the Plan. Class 7 is impaired and entitled to vote on the Plan.

II. BACKGROUND AND EVENTS LEADING TO THIS CHAPTER 11 CASE

The Debtor is an Illinois limited liability company that is the owner of a fourteen (14) story mixed use building located at 1555 South Wabash, in Chicago, Illinois ("Property"). The Debtor's corporate manager and existing member is New West.

The Property is comprised of 176 residential units plus 11,000 square feet of commercial space located on the first floor of the Property. As of the Petition Date, approximately 82% of the rentable residential apartment units were leased while the

commercial space is presently vacant. The Property was originally developed by the Debtor as condominium units to be sold at designated sale prices to qualified buyers. The construction of the Property was generally completed as of the middle of 2009. At the start of construction of the Property, the Debtor had 100 contracts for the sale of residential condominium units at the Property. However, only 36 of the 100 sale contracts actually closed. As of the Petition Date, the Debtor was leasing 115 of the remaining 140 residential apartment units to qualified tenants.

The Debtor's original mortgage lender was seized by regulators with all loans (including the Debtor's loan) and related assets being acquired by and transferred to the Lender. In partial response to an action brought by the Debtor against its prior mortgage lender and other mechanics lien creditors in the Circuit Court of Cook County, Illinois ("State Court"), the Lender filed a counterclaim which, among other things, sought to foreclose on the Property ("Foreclosure"). On December 22, 2011, the State Court entered an Order in the Foreclosure appointing a receiver for the Property. This Chapter 11 Case was filed before the receiver took possession of the Property.

III. THE CHAPTER 11 CASE AND THE DEVELOPMENT OF THE SETTLEMENT AGREEMENT

A. The Chapter 11 Case

The continued administration of this Chapter 11 Case has been primarily predicated upon the entry of a series of cash collateral orders entered by the Bankruptcy Court. These cash collateral orders established the framework for the continued operation of the Debtor's business and the terms under which the Debtor

could use the cash and cash equivalents that serve as collateral to the Lender. At the inception of this Chapter 11 Case, the Lender objected to the Debtor's use of cash collateral which resulted in an evidentiary hearing before the Bankruptcy Court. The Bankruptcy Court overruled the Lender's objections, except with respect to the payment of certain salaries, and authorized the Debtor's use of cash collateral. Thereafter, consensual orders extending the use of cash collateral were entered by the Bankruptcy Court.

Beginning in April, 2012, the Debtor commenced making monthly contractual interest payments to the Lender as required by Section 362(d)(3) of the Bankruptcy Code in order to preserve the automatic stay in this Chapter 11 Case ("362-d-3 Payments"). The amount of each of these monthly 362-d-3 Payments is $59,583.33 per month. The Debtor calculated the amount of these monthly payments by applying the contractual interest rate of 3.25% to the value of the Property, which the Debtor had estimated to be $22,000,000.00. The Debtor expressly reserved its rights when making these payments to the Lender.

The Lender filed a Motion in the Bankruptcy Court seeking either a dismissal of the Chapter 11 Case or relief from the automatic stay so that it may proceed with the Foreclosure ("Dismissal Motion") [Docket No. 61]. While preparing to oppose the Dismissal Motion, the Debtor filed the Plan of Reorganization [Docket No. 81]. The Debtor's focus has always been on implementing an exit strategy from this Chapter 11 Case that would provide a mechanism for creditors, including the Lender, to be paid. In

furtherance of this effort, the Debtor has engaged the Lender in arm's length negotiations over a consensual Chapter 11 exit strategy.

B. The Settlement Agreement

The negotiations between the Debtor and the Lender culminated in the execution of the Settlement Agreement. On September 24, 2012, the Debtor filed the Motion for Entry of an Order Approving Settlement Agreement Pursuant to Fed. R. Bankr. P. 9019 [Docket No. 97]. The Settlement Agreement provides that, among other things: (a) the title to the Property shall be unconditionally transferred from the Debtor to the Lender (or its designee) on the Effective Date, free and clear of all liens, claims, interests and encumbrances (except for any mechanics liens or other statutory liens that may be determined by the Bankruptcy Court or another court of competent jurisdiction to be senior in priority to the liens securing the Lender Claim, including any statutory lien securing accrued property taxes that are not yet due and payable); (b) all cash remaining in the Debtor's bank accounts on the Effective Date (including, without limitation, all security deposits and rental income) shall be transferred to the Lender (or its designee) on the Effective Date; (c) the Debtor shall assume and assign to the Lender (or its designee) such executory contracts and unexpired leases as the Lender may designate in writing no later than five (5) business days prior to the Confirmation Hearing; (d) the Mechanics Lien/Foreclosure Litigation (as defined in the Settlement Agreement) shall be dismissed, with prejudice, on the Effective Date or as soon as reasonably practicable thereafter; (e) Mazola and Mauro shall make certain designated

settlement payments to the Lender; and (f) the Debtor, New West, Mazola, Mauro and the Lender shall grant each other mutual releases.

IV. THE CHAPTER 11 PLAN

A. Summary of the Plan

The Debtor is the proponent of the Plan. In accordance with the terms of the Settlement Agreement, the Plan provides for the irrevocable sale and transfer of the Property and all other assets of the Debtor's Estate, including all cash held in the Debtor's bank accounts on the Effective Date, all security deposits held by the Debtor, all accounts receivable, equipment, fixtures, furniture and other personal property owned by the Debtor, and all licenses, permits and approvals necessary for the operation, ownership and use of the Property (but excluding any claims and causes of action under Chapter 5 of the Bankruptcy Code), to the Lender or its designee in full and complete satisfaction, settlement and release of the Lender Secured Claim, which shall be an Allowed Claim in the amount of $28 million pursuant to the terms of the Plan. Such assets of the Debtor's Estate shall be transferred to the Lender free and clear of all liens, claims, interests and encumbrances except for any mechanics liens or other statutory liens that are senior in priority to the liens securing the Lender Secured Claim, as may be determined by the Bankruptcy Court or another court of competent jurisdiction, and such other liabilities of the Debtor as the Lender expressly agrees to assume pursuant to the terms of the Plan or the Confirmation Order. The Plan also provides for the payment in full of the Secured Claims of Mechanics Lien Creditors that are determined to be Allowed Claims and the payment in full of all Real Estate Tax

Claims that have not already been paid. In recognition of the fact that the fair market value of the Property is substantially less than the amount of the Lender's claim against the Debtor (approximately $43.3 million), the Plan provides that holders of Unsecured Claims and Interests will receive no recoveries.

B. Means for Implementation of the Plan

1. On the Effective Date, the Property and all other assets of the Debtor's Estate, including all cash held in the Debtor's bank accounts on the Effective Date, all security deposits held by the Debtor, all accounts receivable, equipment, fixtures, furniture and other personal property owned by the Debtor, and all licenses, permits and approvals necessary for the operation, ownership and use of the Property (but excluding any claims and causes of action under Chapter 5 of the Bankruptcy Code), shall be irrevocably sold and transferred to the Lender or its designee and the Debtor shall execute and deliver to the Lender all documentation that may be necessary to evidence such transfer of the Property and other assets of the Debtor's Estate to the Lender. Such assets of the Debtor's Estate shall be transferred to the Lender free and clear of all liens, claims, interests and encumbrances except for any statutory liens that are senior in priority to the liens securing the Lender Secured Claim, as may be determined by the Bankruptcy Court or another court of competent jurisdiction, and such liabilities of the Debtor as the Lender expressly agrees to assume. After the Effective Date, the Lender will operate the Property in the ordinary course.

2. Payments to creditors under the Plan will be made from funds realized from continued business operations of the Debtor up to the Effective Date and from

existing cash deposits and cash resources of the Debtor as well as from the cash resources of the Lender only as expressly required by the Plan.

3. The Plan is self-executing. Except as expressly set forth in the Plan, the Debtor shall not be required to execute any newly created documents to evidence the Claims, liens or terms of repayment to the holder of any Allowed Claim. The terms of the Plan will exclusively govern payments to creditors and any other rights of creditors as against the Debtor and its property. Furthermore, upon the completion of the payments required under the Plan to the holders of Allowed Claims, such Claims, and any liens that may support such Claims, shall be deemed released and discharged.

4. The Debtor shall not pursue any preference, fraudulent conveyance or other litigation after the Confirmation Date, and all claims and causes of action of the Debtor's Estate under Chapter 5 of the Bankruptcy Code shall be waived and irrevocably released on the Effective Date. Following the Effective Date, the Debtor shall be dissolved in accordance with applicable provisions of Illinois law.

5. Any and all liens of Weyerhauser against the Property shall be deemed terminated and extinguished on the Effective Date.

6. On or prior to the Effective Date, the Debtor shall transfer to the Lender's possession all books and records related to the Property.

7. Pursuant to Section 1146(a) of the Bankruptcy Code, the sale and transfer of the Property to the Lender on the Effective Date shall not be subject to any real estate transfer tax, document recording tax, stamp tax, conveyance fee or other similar tax or governmental assessment, and the Confirmation Order shall direct the

appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept the filing and recordation of any instruments or documents evidencing the sale and transfer of the Property without the payment of any such tax or governmental assessment.

8. The terms of the Settlement Agreement shall not be impacted by the entry of the Confirmation Order and shall remain binding on all parties thereto. The releases set forth in the Settlement Agreement shall become effective in accordance with the terms thereof without the need for any further approval of the Bankruptcy Court.

C. Treatment of Executory Contracts and Unexpired Leases

1. Pursuant to Article 10 of the Plan, all executory contracts and unexpired leases which exist between the Debtor and any other party, whether such executory contract be in writing or oral, which have not been previously assumed, assigned, rejected or otherwise terminated by the Debtor shall be deemed assumed as of Confirmation of the Plan pursuant to Sections 365 and 1123(b)(2) of the Bankruptcy Code.

2. The Lender shall be allowed to designate certain executory contracts and unexpired leases of the Debtor to be assigned to the Lender on the Effective Date. Upon the assignment of such executory contracts and unexpired leases to the Lender, the Lender shall become bound by the terms of such executory contracts and unexpired leases and shall be deemed to have assumed all liabilities of the Debtor thereunder.

3. Any and all Claims asserted by any party arising from the rejection of executory contracts and unexpired leases pursuant to the Plan or otherwise must be

filed on or within thirty (30) days following Confirmation. Further, with respect to Claims for default relating to any unexpired lease or executory contract that is deemed assumed pursuant to the Plan, any and all such Claims must also be filed on or within thirty (30) days following Confirmation. Allowed Claims emanating from the rejection of unexpired leases and executory contracts will be treated as Class 6 Claims. Allowed Claims for default emanating from the assumption of unexpired leases and executory contracts will be treated as Administrative Claims. Any person failing to file such a Claim within the time provided herein shall be forever barred from asserting such Claim and shall not receive any distribution under the Plan.

4. The provisions set forth herein shall be equally applicable to executory contracts and unexpired leases of real and personal property.

D. Procedures for Resolving Contested Claims

1. Claims Objections

Except as otherwise ordered by the Bankruptcy Court, the Debtor shall file any and all objections to the allowance of Claims or Interests on or within one hundred and twenty (120) days of Confirmation of the Plan unless extended by Order of the Bankruptcy Court. Cause shall not be a requirement for an extension of this deadline.

2. Disputed Claims

No distribution shall be made to the holders of Disputed Claims until the dispute is resolved either by agreement of the parties or by Final Order of the Bankruptcy Court. Distributions to the holders of Allowed Claims in a particular class shall not be held back pending resolution of Disputed Claims in such class.

V. LIQUIDATION ANALYSIS

1. Failure of the Debtor to obtain Confirmation of the Plan could result in a forced liquidation or a conversion to a case under Chapter 7 of the Bankruptcy Code and immediate termination of the Debtor's business operations. Under the Plan, no creditor is receiving less than such creditor would receive in such liquidation. With respect to the Allowed Class 1 and Class 3 Claims, the Lender and the Mechanics Lien Creditors are receiving the value of their interests in the collateral.

2. Notably, as of July 31, 2012, the Debtor had $455,169.42 in cash on deposit in its Debtor in Possession operating accounts. This cash balance will continue to increase through Confirmation of the Plan. Other than the Property itself, and cash, the Debtor has no other assets. Existing cash plus cash resources of the Lender only as expressly required under the Plan shall be used for payment of creditors' Claims under the Plan.

3. In the event of a forced liquidation, such as foreclosure by the Lender or the Mechanics Lien Creditors on their liens and security interests, any proceeds realized from the liquidation of the Debtor's assets would first be used to pay the costs of collection, which for purposes of this discussion, the Debtor has estimated to be an amount equal to 10% of the gross collection proceeds. Once the costs of collection have been paid, Secured, Administrative and Priority Claims would be paid. Only after making the above disbursements of liquidation proceeds could any distribution be made to general Unsecured Creditors. Typically, in the event of a foreclosure, no creditor other than the mortgage lender (and perhaps real estate tax claimants) would receive

funds from the foreclosure. The Debtor asserts that such a result should be expected in a foreclosure of the Property.

4. Furthermore, in a forced liquidation, the existing trade debt to be paid according to ordinary business terms would also be included in the pool of Administrative Claims thereby substantially increasing the total dollar amount due Administrative Claimants in a liquidation. Also, the projected amount allowable for Administrative Claims, in the event of conversion, would further increase to account for the fees and costs attributable to a Chapter 7 Trustee and his administration or the Lender and the liquidation of its collateral.

5. For all of the foregoing reasons, the Debtor believes that the Plan satisfies the best interests test under Section 1129(a)(7) of the Bankruptcy Code.

VI. FEASIBILITY AND FAIRNESS OF PLAN

1. Attached to this Disclosure Statement as **Exhibits C, D and E** are financial statements pertaining to the Debtor's business activity for the periods ending December 31, 2010, December 31, 2011 and July 31, 2012. The purpose of these Exhibits is to provide creditors with historical financial information concerning the Debtor's ability to make the payments required under the Plan. These financial statements were prepared by the Debtor and are based upon an analysis of actual business activity during the stated periods.

2. The Property has an appraised value of approximately $28,000,000.00.

VII. DISCHARGE, INVALIDATION OF LIENS AND INJUNCTION

1. Pursuant to Article 12 of the Plan, the provisions of the confirmed Plan shall bind all creditors and other parties in interest, whether or not such persons accept the Plan. The distributions provided under the Plan shall be in exchange for and in complete satisfaction and release of all liens and Claims against any of the assets or properties of the Debtor and Debtor's Estate. Unless otherwise specifically provided to the contrary herein or in the Confirmation Order, on and after Confirmation, all holders of Claims shall be precluded from asserting any lien or Claim against the Debtor, any of its property, or the Lender.

2. Except as otherwise provided in the Plan or the Confirmation Order, the Confirmation of the Plan shall, as of the Effective Date: discharge the Debtor from all Claims, demands, liabilities, other debts and Interests that arose on or before the Petition Date, and all debts of the kind specified in Section 502(g), 502(h), or 502(i) of the Bankruptcy Code, whether or not (A) a proof of Claim or Interest based on such debt or Interest is filed or deemed filed pursuant to Section 501 of the Bankruptcy Code, (B) a Claim or Interest based on such debt or Interest is allowed pursuant to Section 502 of the Bankruptcy Code, or (C) the holder of a Claim or Interest based on such debt or Interest has accepted the Plan. Article 12.2 of the Plan is intended to include the full breadth of the discharge provided for and permitted under Section 1141 of the Bankruptcy Code.

3. Upon Confirmation, an injunction under Section 524 of the Bankruptcy Code shall arise to prevent any party from foreclosing its lien or security interest or

otherwise enforcing its Claims against the Debtor and its assets in this bankruptcy case except as authorized in the Plan. Such injunction shall not affect any secured creditor's right to foreclose upon any security interest provided in the Plan in the event of any post-Confirmation default under the Plan. This injunction will remain in effect until all distributions under the Plan have been made.

VIII. CONFIRMATION OF THE PLAN UNDER SECTION 1129(b) OF THE BANKRUPTCY CODE

To the extent necessary, pursuant to Section 1129(b) of the Bankruptcy Code, the Debtor intends to request that the Bankruptcy Court confirm the Plan if all applicable requirements of Section 1129(a) of the Bankruptcy Code, other than Section 1129(a)(8), are met. The Debtor reserves all of its rights under Section 1129 of the Bankruptcy Code and other applicable legal authority in this regard.

IX. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction after Confirmation to: (i) hear and determine applications for fees and allowances for professional persons; (ii) supervise the implementation of the Plan; (iii) hear and determine objections to Claims filed in this Chapter 11 Case; (iv) hear and determine applications for the assumption, assignment and/or rejection of executory contracts; (v) hear and determine all adversary proceedings or contested matters whether filed before or after Confirmation; (vi) resolve disputes regarding interpretation of the Plan; (vii) allow Administrative Claims; (viii) enter Orders to further consummation of the Plan; (ix) approve modification of the Plan upon motions brought before the Bankruptcy Court in accordance with Section 1127 of the

Bankruptcy Code; (x) hear and determine all applications and motions pending before the Bankruptcy Court on the date of Confirmation or such other matters as are commenced after Confirmation of the Plan; (xi) enter any order, including injunctions, necessary to enforce title, rights and powers of the Debtor, and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as may be necessary; (xii) enforce terms of Plan; (xiii) enter an Order concluding and terminating this Chapter 11 Case; and (xiv) hear and determine any and all matters brought before the Bankruptcy Court by the Debtor after Confirmation.

RECOMMENDATION

The Debtor strongly recommends that those persons entitled to vote, vote to accept the Plan.

1555 Wabash, LLC, a limited liability company,
Debtor and Debtor in Possession

By: /s/David K. Welch
One of Its Attorneys

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