

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA
RALEIGH DIVISION**

IN RE:

Fayetteville Marketfair Investors, LLC

Debtor.

CHAPTER 11
CASE NO. 09-10859-8-RDD

**DISCLOSURE STATEMENT PURSUANT TO
SECTION 1125 OF THE BANKRUPTCY CODE**

Raleigh, North Carolina
May 3, 2010

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**THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON
YOUR DECISION TO ACCEPT OR REJECT THE DEBTOR'S PROPOSED CHAPTER 11
PLAN FILED MAY 3, 2010. PLEASE READ THIS DOCUMENT WITH CARE.**

SUMMARY

The following summary is qualified in its entirety by the more detailed information appearing elsewhere in this Disclosure Statement and in the Debtor's Chapter 11 Plan, filed with the Bankruptcy Court on May 3, 2010 (the "Plan"). All capitalized terms contained in this summary as well as elsewhere in this Disclosure Statement shall, unless otherwise defined herein, have the meaning ascribed to such capitalized terms in Article I, "DEFINITIONS", of the Plan. The words "herein", "hereof" and "hereunder" and other words of similar import used in the Disclosure Statement and in the Plan shall refer to the Plan as a whole and not to any particular article, section, subsection or clause contained herein or in the Plan. Wherever from the context it appears appropriate, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine, and the neuter.

The Debtor has prepared this Disclosure Statement in connection with its solicitation of acceptances or rejections of the Plan, which was filed with the Bankruptcy Court in connection with the Debtor's Chapter 11 case. The Plan was proposed by the Debtor.

The Bankruptcy Court will set a date for a hearing to consider whether, pursuant to Section 1125 of the Bankruptcy Code, this Disclosure Statement should be approved as containing information of a kind and in sufficient detail to enable a hypothetical, reasonable investor, typical of each of the classes of Creditors and each of the classes of Equity Interests being solicited, to make an informed judgment whether to vote or accept or reject the Plan. Such approval by the Bankruptcy Court does not constitute a recommendation of the Plan by the Bankruptcy Court. The Bankruptcy Court will hold a hearing on confirmation of the Plan, at which time the Bankruptcy Court will consider objections to confirmation, if any.

Objections to confirmation of the Plan, if any, must be in writing and served and filed as described below under the caption III, "CONFIRMATION".

The Plan proposes that the Debtor will continue to operate profitably and use the profits to fund its Plan.

The Plan classifies Claims separately in accordance with requirements and provisions of the Bankruptcy Code and provides different treatment for each class of Claims. The Plan proposes that Claims and Equity Interests shall be classified as follows:

- Class 1 - Allowed Administrative Expense Claims
- Class 2 - Allowed Priority Claims
- Class 3 - Allowed Secured Claims of Capmark Finance, Inc.
- Class 4- Allowed Unsecured Deficiency Claim of Capmark Finance, Inc.
- Class 5 – Allowed Small Unsecured Claims
- Class 6 – Allowed General Unsecured Claims
- Class 7 - Equity Interests

A Ballot to be used for voting to accept or reject the Plan has been enclosed with all copies of this Disclosure Statement mailed to Creditors and holders of Equity Interests who's Claims or Equity Interests are impaired by provisions of the Plan. Classes 2 through 7 are Impaired. After carefully reviewing this Disclosure Statement and its exhibits, please indicate your vote on the enclosed Ballot.

To be counted, your Ballot must be received at the address listed below within the time frame set by the order of the Bankruptcy Court conditionally approving this Disclosure Statement.

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The foregoing is a summary. This Disclosure Statement and the exhibits hereto should be read in their entirety by Creditors and holders of Equity Interest before voting on the Plan.

INTRODUCTION

Fayetteville Marketfair Investors, LLC, debtor and debtor-in-possession in this Chapter 11 case ("Debtor"), submits this Disclosure Statement pursuant to § 1125 of the Bankruptcy Code in connection with the solicitation of acceptances or rejections of the Debtor's Chapter 11 Plan dated May 3, 2010. The purpose of this Disclosure Statement is to provide adequate information to enable Creditors to make an informed judgment as to whether or not to vote in favor of the Plan.

Any Claim with respect to which the legal, contractual, or equitable rights are altered, modified, or changed by the proposed treatment under the Plan is considered "impaired". Under the Plan, Allowed Claims in Classes 2 through 7 are "impaired", and the Creditors holding such Claims are entitled to vote on the Plan, and may do so by completing the appropriate Ballot which is enclosed.

The vote of each Creditor is important. To be counted, your Ballot must be received by the time set by the order of the Bankruptcy Court approving this Disclosure Statement.

The Bankruptcy Code requires, as a condition to confirmation of a chapter 11 plan under § 1129(a) of the Bankruptcy Code, that each class of claims or interests which is impaired under such plan shall have accepted the plan. Under § 1126(c) of the Bankruptcy Code, a class of claims has accepted a plan if such plan has been accepted by creditors that hold at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the allowed claims of such held by creditors that have voted to accept or reject such plan. Under § 1126(d) of the Bankruptcy Code, a class of equity interests has accepted a plan if such plan has been accepted by holders of such interests that hold at least two-thirds ($\frac{2}{3}$) in amount of the allowed interests of such class held by holders of such interest that have voted to accept or reject such plan.

Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the nonacceptance of such plan by some of the classes of claims or interests

impaired thereunder if (a) at least one impaired class of Claims votes to accept the plan and (b) the Bankruptcy Court finds that, with respect to the nonaccepting class or classes, the plan does not discriminate unfairly and is fair and equitable.

The Debtor is soliciting acceptance or rejection of the Plan by all Creditors whose Claims are impaired under the Plan. (See "III. CONFIRMATION" for a complete description of the requirements for acceptance of the Plan.)

No statement or information concerning the Debtor (particularly as to the liquidation of the Debtor, as to the results of operations or the financial condition of the Debtor, or as to distributions to be made under the Plan) or any of the respective assets or businesses of the Debtor is authorized other than as set forth in this Disclosure Statement, and no other such statement of information should be relied upon in determining how to vote with respect to the Plan.

I. GENERAL INFORMATION

A. Description of the Debtor's Business and Assets.

The Debtor is a limited liability corporation, which owns a single piece of real property in Fayetteville, North Carolina called Fayetteville Marketfair Shopping Center (hereinafter the "Mall"). The Debtor purchased the Mall approximately twelve years ago and has since made significant renovations, particularly over the past five years. The property has approximately 247,000 square feet of gross leasable area located in two buildings. The property contains approximately 25 acres of land. The first building is a free standing facility containing both Gander Mountain and HH Gregg. This facility is comprised of roughly 112,000 square feet. The second building is an indoor mall with approximately 135,000 square feet of gross leasable area. The mall is anchored by a Carmike Movie Theatre - a 15 screen, 60,000 square foot stadium seated facility. This is the only stadium seated theater in the East Central Carolina marketplace. Tenants in the mall portion of the property include CATO, It's Fashion (CATO), Casual Male, Burlington Shoes and many more.

At the time of the petition in bankruptcy, Debtor listed assets of \$15,104,530.17 and liabilities of at least \$25,545,920.44. As of this date, claims in excess of \$4,246,818.35 have been filed with the bankruptcy court.

B. Events leading to the Chapter 11 Case.

The Debtor has one secured lender, Capmark Finance, Inc. ("Capmark") which holds the loan secured by the Mall. The loan termed out in early November. Capmark had a receiver appointed on an ex parte basis on November 30, 2009; however, the receiver never began the process of collecting rents. When the Debtor was unable to get refinancing due to the current economic climate, the Debtor filed an expedited Chapter 11. By filing a Chapter 11 petition, the Debtor was able to continue operating the Mall.

C. Description of Ownership of the Debtor and Gulfpro Management, Inc.

Mr. Stefan Johansson has a 20-year construction background, coupled with developments in Miami's South Beach from 1986-1991, where projects included hotel, retail and

multi-unit housing. Mr. Jackson Ward left a banking background to pursue retail development. In 1990 he developed ten (10) Walgreen's stores before the two partners joined to form Gulfside Development, Inc. Mr. Johansson and Mr. Ward pride themselves on a very strong "hands on" management approach in all aspects of their facility operations.

Marketfair Mall is managed by Gulfpro Management, Inc. Gulfpro has been in business since 1997 and has managed over 3,500,000 square feet of commercial properties throughout the southeastern United States. The company currently offers janitorial and repair services, asset managers, in-house accounting, and universal leasing and marketing contacts for each site. Each asset is given individual attention through placement of on-site staff for day-to-day management.

Gulfpro currently employs James Konen as on-site property manager for Marketfair Mall. Mr. Konen has managed the site consistently for approximately 12 years. He has an impeccable reputation among the tenants and vendors at the site. Mr. Konen has five employees directly under his supervision. Prior to working at Marketfair Mall Mr. Konen was honorably discharged after serving 24 years in the United States Air Force.

Mr. Konen is directly supervised by asset manager Lowell Dack. Lowell's function as asset manager places him in direct contact with local community and business leaders. His responsibilities include management of leasing brokers, oversight of all operations, and dispute resolution. Lowell closely monitors all expenditures and is constantly working to improve the property. He works with local government, security providers, and fire/code inspectors to ensure the safety of the public.

Financial records are kept at corporate headquarters in South Miami, Florida. Controller Marcella Schmidt has been with Gulfpro and its affiliates for over twelve years. She not only does the day to day financial book keeping, but she also assists with collection and year end reconciliations. She was with the firm during the acquisition of the mall and has a long working relationship with not only James Konen and Lowell Dack, but also tenants and vendors at the mall.

Tax returns and reviews are performed by Berkowitz, Dick Pollack, and Brant, a CPA firm that has worked for the owners for over twenty years.

D. Preferential Payments made to Insiders and Non-Insiders.

1. Transfers to Non-Insiders within Ninety Days. The payments made by the Debtor within the 90 days prior to the bankruptcy are listed in the Debtor's Statement of Financial Affairs on file with the bankruptcy court. The Debtor intends analyze the advisability of bringing additional adversary proceedings.

2. Transfers to Insiders within One Year. The payments made by the Debtor to insiders within the one year prior to the bankruptcy are listed in the Debtor's Statement of Financial Affairs on file with the bankruptcy court.

E. Creditors' Committee.

No creditors' committee has been appointed in this case.

II. THE DEBTOR'S CHAPTER 11 PLAN

The Plan contemplates that the Debtor will continue to operate. The Debtor shall continue to pay all operating expenses incurred.

A. Summary of Classes and Treatment. The Plan provides for treatment of Claims in accordance with the following classes:

Class 1 - Allowed Administrative Expense Claims: Class 1 is composed of Allowed Administrative Expense Claims. Each Administrative Expense Claim that is an Allowed Administrative Expense Claim on the Effective Date shall be satisfied in full on the Effective Date, or as otherwise may be agreed by the holder of such Allowed Administrative Expense Claim; and (ii) each Administrative Expense Claim that is disputed on the Effective Date shall be satisfied within ten (10) Business Days after entry of a Final Order approving such Claim as an Allowed Administrative Expense Claim, or as otherwise may be agreed by the holder of an Allowed Administrative Expense Claim.

Class 2 - Allowed Priority Claims: Class 2 Claims are comprised of Allowed Priority Claims. The Debtor is not aware of any claims in this class. Class 2 Claims shall be paid in full with interest at the rate set by Internal Revenue Code sections 6601 and 6621 in equal quarterly payments, so that the last payment shall be due within five years of the filing date. The first such payment shall be due on the later of the Effective Date or June 1, 2010.

Class 3 - Allowed Secured Claims of Capmark Finance, Inc.: Class 3 is comprised of all Allowed Secured Claims of Capmark Finance, Inc. If Class 3 does not make the election under Bankruptcy Code section 1111(b), the Class 3 shall have an Allowed Secured Claim of \$12,500,000, CapMark's estimated value of its real property. If Class 3 makes the election under Bankruptcy Code section 1111(b), the Class 3 shall have its full Allowed Secured Claim.

If Class 3 does not make the election under Bankruptcy Code section 1111(b)

If Class 3 does not make the election under Bankruptcy Code section 1111(b), then interest on the \$12,500,000 Allowed Secured Claim of Class 3 shall accrue at the Secured Rate. Debtor shall amortize the debt to Class 3 over a period of twenty (20) years. Payments shall be made monthly on the first day of each month, beginning on the first day of the month following the Effective Date, until five years from the Effective Date. Any unpaid amounts to Class 3 shall be due and payable in full 5 years from the Effective Date. The Allowed Secured Claim of Class 3 shall retain its lien.

If Class 3 makes the election under Bankruptcy Code section 1111(b)

If Class 3 makes the election under Bankruptcy Code section 1111(b), then Class 3 shall receive 271 monthly payments in the amount of 77,738.00. Payments shall be made on the first day of each month, beginning on the first day of the month following the Effective Date. The Allowed Secured Claim of Class 3 shall retain its lien.

Any Allowed Claims held by Capmark Finance, Inc. which are not included in Class 3 shall be included in Class 4.

Class 4- Allowed Unsecured Deficiency Claim of Capmark Finance, Inc.: Class 4 is comprised of all Allowed Claims of Capmark Finance, Inc. other than those included in Class 3.

Class 4 Claims shall be paid \$3,000 per month for 120 months. The first such payment shall be due on the later of the Effective Date or August 1, 2010.

Class 5 – Allowed Small Unsecured Claims: Class 5 is comprised of all Allowed Unsecured Claims in the amount of \$6,000 or less. Class 5 claims shall be paid 80% of their Allowed Claim within 120 days after the Effective Date.

Class 6 – Allowed General Unsecured Claims: Class 6 is comprised of all Allowed Unsecured Claims not treated in Classes 4 or 5. Class 6 shall be paid \$3,000 per month for 120 months. The first such payment shall be due on the later of the Effective Date or August 1, 2010.

Class 7 - Equity Interests: BDPB Fayetteville, Gulfside FV LLC, Stephan Johansson and Jackson Ward shall pay the Debtor \$5,000 each to retain / repurchase their membership interests in the Debtor.

B. Release of the Debtor. The confirmation of the Plan shall constitute waiver and release of the right to pursue litigation and causes of action against the Debtor. Pursuant to Section 524(e) of the Bankruptcy Code, neither the Plan nor its confirmation affects the liability of any other Entity on, or the property of any other Entity for, any Claim treated by the Plan.

C. Treatment of Leases. The confirmation of the Plan shall act as an acceptance of all existing executory contracts and leases, specifically including the contract the Debtor has with its management company, Gulfpro Management, Inc.

III. CONFIRMATION

A. Confirmation Hearing.

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court after notice, to hold a confirmation hearing on the Plan at which time any party in interest may be heard in support of or opposition to confirmation. The Confirmation Hearing will be scheduled by the Bankruptcy Court by court order. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement made at the Confirmation Hearing. Any objection to confirmation must be made in writing and filed with: Clerk, U.S. Bankruptcy Court, Eastern District of North Carolina, Raleigh Division, P.O. Box 1441, Raleigh, North Carolina 27602-1441, as indicated in the order establishing the date for the confirmation hearing.

B. Confirmation Standards.

In order for a plan of reorganization to be confirmed, the Bankruptcy Code requires among other things, that a plan be proposed in good faith, and that a plan comply with the applicable provisions of Chapter 11 of the Bankruptcy Code. Section 1129 of the Bankruptcy Code also imposes requirements that at least one class of claims accept a plan, that confirmation of the plan is not likely to be followed by the need for further financial reorganization, that a plan be in the best interests of creditors, and that a plan be fair and equitable with respect to each class of claims of interest which is impaired under the plan. The Bankruptcy Court shall confirm a plan only if it finds that all of the requirements enumerated in section 1129 of the Bankruptcy Code have been met. The Debtor believes that the Plan satisfies all of the requirements for confirmation.

1. Best Interest Test. Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each holder of a Claim or Equity Interest of such Class either (a) has accepted the Plan or (b) will receive or retain under the Plan on account of such Claim or Equity Interest, property of a value, as of the Effective Date, that is not less than the amount that such person would receive or retain if the Debtor were, on the Effective Date, liquidated under Chapter 7 of the Bankruptcy Code. The Debtor believes that this test will be satisfied because, as reflected on the Liquidation Analysis attached hereto as Exhibit "A", the Plan proposes to pay each class of creditors as much or more than they would receive in a liquidation under Chapter 7.

2. Financial Feasibility. The Bankruptcy Code requires, as a condition to confirmation, that confirmation of a plan is not likely to be followed by the liquidation (unless the plan calls for liquidation) of the Debtor or the need for further financial reorganization. The most recently filed monthly report, for the month of February, 2010, is attached hereto as Exhibit "B". Other monthly reports have been filed with the office of the clerk of court. Financial projections for the Debtor are attached hereto as Exhibit "C". Based upon the Debtor's financial performance during the case as reflected in the monthly reports, and based upon its financial projections, the Debtor believes that it will be able to fulfill its obligations under the Plan.

3. Acceptance by Impaired Classes. The Bankruptcy Code requires as a condition to confirmation that each Class of Claims or Equity Interests that is impaired under the Plan accept such Plan, with the exception described in the following section. A Class of Claims has accepted the Plan if the Plan has been accepted by creditors (other than insiders) that hold 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 who actually vote to accept or to reject the Plan. A Class of Equity Interests has accepted the Plan if the Plan has been accepted by holders of Equity Interests (other than insiders) that hold at least two-thirds (2/3) in amount of the Allowed Equity Interests who fail to vote are not counted as either accepting or rejecting the Plan.

A Class that is not impaired under a Plan is deemed to have accepted such Plan; solicitation of acceptances with respect to such Class is not required. A Class is impaired unless (i) the legal, equitable and contractual rights to which the Claim or Equity Interest entitles the holder of such Claim or Equity Interest are not modified, or (ii) with respect to Secured Claims, the effect of any default is cured and the original terms of the obligation are reinstated.

4. Confirmation Without Acceptance by All Impaired Classes. The Bankruptcy Code contains provisions that would enable the Bankruptcy Court to confirm the Plan, even though the Plan has not been accepted by all impaired Classes, provided that the Plan has been accepted by at least one impaired Class of Claims.

Section 1129(b)(1) of the Bankruptcy Code states: "Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan."

The Debtor believes that the Plan meets the 1129(b) test because the Debtor proposes to continue profitable operations. The Debtor believes that, if necessary, it will be able to meet

the statutory standards set forth in the Bankruptcy Code with respect to the nonconsensual confirmation of the Plan.

C. Consummation.

The Plan will be consummated and distributions made if the Plan is confirmed pursuant to a Final Order of the Bankruptcy Court. It will not be necessary for the Debtor to await any required regulatory approvals from agencies or departments of the United States Government to consummate the Plan. The Plan will be implemented pursuant to its provisions and the provisions of the Bankruptcy Code.

V. ALTERNATIVE TO THE PLAN

A. Liquidation.

If no Chapter 11 plan can be confirmed, the Chapter 11 Case will be dismissed or converted to case under Chapter 7 of the Bankruptcy Code, in which case a trustee would be elected or appointed to liquidate the assets of the Debtor for distributions to Creditors in accordance with the priorities established by the Bankruptcy Code. Alternatively, the Debtor's Chapter 11 Case could be dismissed.

The Debtor recommends that holders of Claims and Equity Interests vote to accept the Plan.

Respectfully submitted this the 3rd day of May, 2010.

Fayetteville Marketfair Investors, LLC

/s/ Stephan Johansson
Stephan Johansson, President

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